

TOWN OF BAR HARBOR, MAINE

***FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORTS***

***FOR THE FISCAL YEAR
ENDED JUNE 30, 2021***

TOWN OF BAR HARBOR
FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Members of the Town Council
Town of Bar Harbor
Bar Harbor, Maine 04609

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Bar Harbor, Maine's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 3-9 and 57-67 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Bar Harbor, Maine's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2022, on our consideration of the Town of Bar Harbor, Maine's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Bar Harbor, Maine's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Bar Harbor, Maine's internal control over financial reporting and compliance.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, C.P.A.

Ellsworth, Maine
March 22, 2022

TOWN OF BAR HARBOR, MAINE
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021

Management of the Town of Bar Harbor, Maine provides this *Management's Discussion and Analysis* of the Town's financial performance for readers of the Town's financial statements. This narrative overview and analysis of the financial activities of the Town is for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the financial statements and accompanying notes that follow.

The financial statements herein include all of the activities of the Town of Bar Harbor, Maine (the Town) using the integrated approach as prescribed by Government Accounting Standards Board (GASB) Statement No. 34 and related subsequent statements.

FINANCIAL HIGHLIGHTS – PRIMARY GOVERNMENT

Government-wide Highlights:

Net Position – The assets of the Town exceeded its liabilities at fiscal year ending June 30, 2021 by \$53,339,728 (presented as “net position”). Of this amount, \$13,647,362 was reported as “unrestricted net position”. Unrestricted net position represents the amount available to be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position – The Town's total net position increased by \$8,648,416 (a 19.4% increase) for the fiscal year ended June 30, 2021. Net position of governmental activities increased by \$7,996,164 (a 29.9% increase), while net position of business-type activities showed an increase of \$652,252 (a 3.6% increase).

Fund Highlights:

Governmental Funds – Fund Balances – As of the close of the fiscal year ended June 30, 2021, the Town's governmental funds reported a combined ending fund balance of \$13,462,711 with \$2,198,020 being general unassigned fund balance. This unassigned fund balance represents approximately 10.3% of the total general fund expenditures for the year.

Long-term Debt:

The Town's total long-term debt obligations decreased by \$1,811,629 (9.11%) during the current fiscal year. Long-term debt obligations for governmental activities decreased by \$1,110,198 (8.03%) while long-term debt obligations for business-type activities decreased by \$701,431 (11.59%). Existing debt obligations were retired according to schedule. Additional information on the Town's long-term debt can be found in Note 3d of this report on pages 30 - 34.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary comparison) and other supplementary information. These components are described below:

Government-wide Financial Statements

The Government-wide financial statements present the financial picture of the Town from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business-type activities separately. These statements include all assets of the Town (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain elimination entries have occurred as prescribed by the statement in regards to inter-fund activity, payables and receivables. The government-wide financial statements can be found on pages 10-11 of this report.

Fund Financial Statements

The fund financial statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds

are not available to support the Town's own programs. Reconciliation of the fund financial statements to the Government-wide financial statements is provided to explain the differences created by the integrated approach. The basic governmental fund financial statements can be found on pages 12-15 of this report. The basic proprietary fund financial statements can be found on pages 16-18 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found on pages 19-56 of this report.

Required Supplementary Information

This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the general fund as presented in the governmental fund financial statements (if necessary). This section also includes the pension disclosure schedules as required by GASB Statement #68 and the OPEB schedules as required by GASB Statement #75. Required supplementary information can be found on pages 57-67 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

69.7% of the Town's net position reflects its net investment in capital assets such as land, buildings, equipment and infrastructure (roads, parking lots and other immovable assets) less any related debt used to acquire those assets that are still outstanding. The Town uses these assets to provide services to citizens; consequently, these assets are not available for future spending. Although, the Town's investment in its capital assets is reported net of accumulated depreciation and net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities	Business-type Activities	Total 2021	Total 2020
Current Assets	15,776,384	5,325,598	21,101,982	18,679,249
Capital Assets	36,108,876	19,147,021	55,255,897	50,298,940
Total Assets	51,885,260	24,472,619	76,357,879	68,978,189
Related to OPEB	262,593		262,593	171,159
Related to Pensions	704,352	124,318	828,670	748,853
Total Deferred Outflows of Resources	966,945	124,318	1,091,263	920,012
Total Assets and Deferred Outflows of Resources	52,852,205	24,596,937	77,449,142	69,898,201
Current Liabilities	3,142,382	995,034	4,137,416	3,645,325
Other Liabilities	14,760,853	5,036,338	19,797,191	21,065,084
Total Liabilities	17,903,235	6,031,372	23,934,607	24,710,409
Property Taxes Collected in Advance	38,491		38,491	21,381
Related to OPEB	109,447		109,447	112,429
Related to Pensions	22,550	4,319	26,869	395,758
Total Deferred Inflows of Resources	170,488	4,319	174,807	529,568
Net Investment in Capital Assets	23,389,025	13,795,083	37,184,108	30,416,244
Restricted	2,508,258		2,508,258	2,253,371
Unrestricted	8,881,199	4,766,163	13,647,362	11,988,609
Total Net Position	34,778,482	18,561,246	53,339,728	44,658,224
Total Liabilities, Deferred Inflows of Resources and Net Position	52,852,205	24,596,937	77,449,142	69,898,201

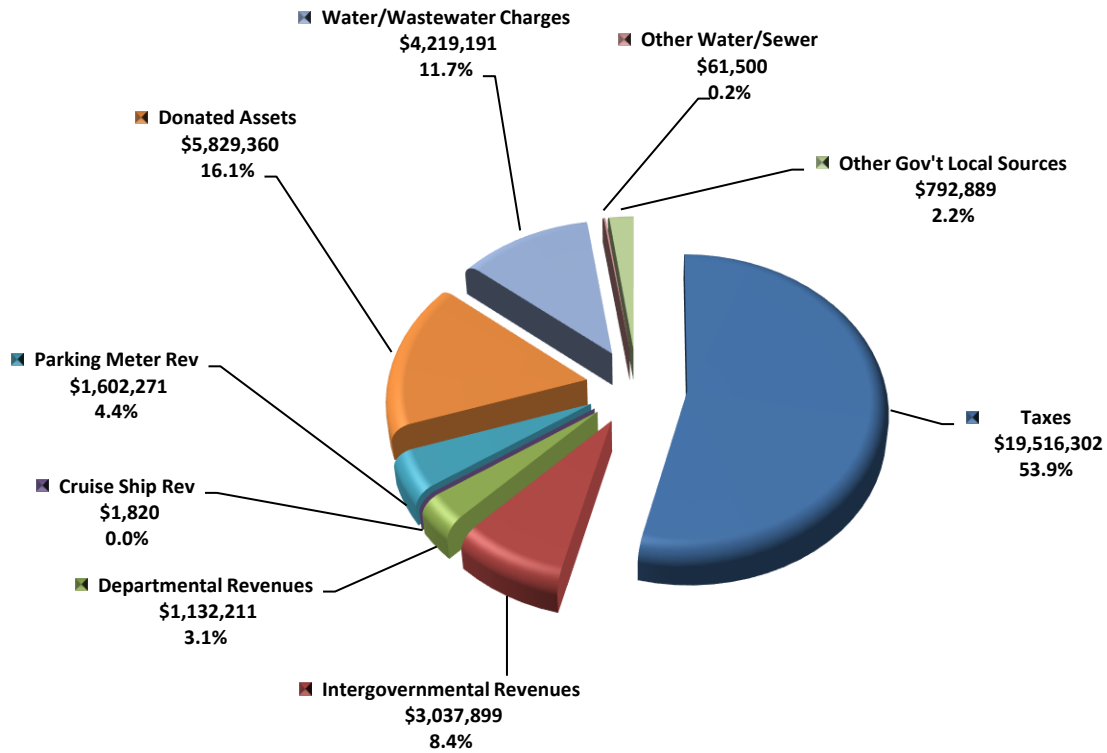
Changes in Net Position

Approximately 53.9% of the Town's total revenue came from property and excise taxes, approximately 8.4% came from Federal and State subsidies and grants, and approximately 37.7% came from services, investment earnings and other sources.

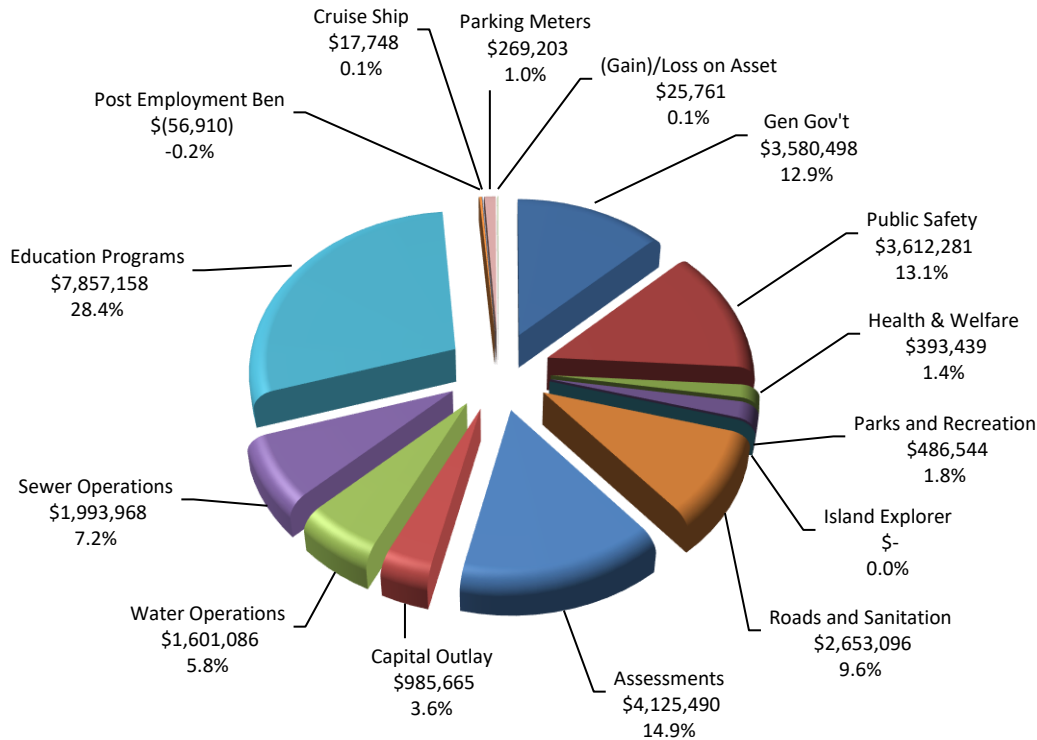
Depreciation expense on the Town's governmental and business-type activity assets represents \$2,467,133 of the total expenses for the fiscal year. Depreciation for governmental activities was \$1,594,533 while depreciation for business-type activities was \$872,600. The summary below includes the general, capital improvement, cruise ship, parking and school funds under governmental activities.

	Governmental Activities	Business-type Activities	Total 2021	Total 2020
<i>Revenues:</i>				
Taxes	19,516,302		19,516,302	19,039,945
Intergovernmental Revenues	3,037,899		3,037,899	1,974,941
Departmental Revenues	1,132,211	4,219,191	5,351,402	5,404,802
Cruise Ship Revenues	1,820		1,820	930,055
Parking Meter Revenues	1,602,271		1,602,271	1,361,891
Bond Premium Proceeds	-	-	-	388,996
Contributions in Aid of Construction			-	5,156
Other Local Sources	792,889	61,500	854,389	966,633
Donated Capital Assets	5,829,360		5,829,360	
Internal Transfers	20,000	(20,000)	-	-
Total	31,932,752	4,260,691	36,193,443	30,072,419
<i>Expenses:</i>				
General Government	3,580,498		3,580,498	3,562,663
Public Safety	3,612,281		3,612,281	3,561,146
Health & Welfare	393,439		393,439	243,779
Parks and Recreation	486,544		486,544	503,942
Island Explorer Shuttle Bus	-		-	40,517
Roads and Sanitation	2,653,096		2,653,096	2,464,939
Assessments	4,125,490		4,125,490	3,875,688
Capital Outlay	985,665		985,665	1,064,755
Water Operations		1,601,086	1,601,086	1,604,168
Sewer Operations		1,993,968	1,993,968	2,051,795
Education Programs	7,857,158		7,857,158	7,394,831
Cruise Ship	17,748		17,748	96,521
Parking Meters	269,203		269,203	194,667
Post Employment Benefits	(56,910)		(56,910)	(12,430)
(Gain)/Loss on Disposal of Assets	12,376	13,385	25,761	18,686
Total	23,936,588	3,608,439	27,545,027	26,665,667
Changes in Net Position	7,996,164	652,252	8,648,416	3,406,752

Revenues By Source - Governmental and Business-Type



Expenditures by Source - Governmental and Business-Type



FINANCIAL ANALYSIS OF THE TOWN'S INDIVIDUAL FUNDS

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the Town's governmental funds reported ending fund balances of 13,462,711, an increase of \$1,896,081 in comparison with the prior year. Approximately 16.3 percent of this total amount constitutes unassigned fund balance. The remainder is reserved to indicate that it is not available for spending because it has been committed to liquidate contracts and commitments of the prior fiscal year or for a variety of other purposes.

Variances between actual revenues and expenditures and the final amended budget included the following:

General Fund

Revenues:

- \$369,828 positive variance in property tax revenue due to the adjustment for unavailable collections. Outstanding taxes/liens, net of collections after 60 days of year end, were much lower than the previous year.
- \$239,183 positive variance in auto excise revenue resulting from an increased number of registrations. Due to parking fees, registered vehicles of the town are allowed to park for free.
- \$22,358 positive variance in interest/fees on taxes due to the larger number of prior year liens paid off during the year.
- \$134,117 positive variance in municipal revenue sharing due to a change in the estimated funding after the budget was approved.
- \$152,340 negative variance in Ambulance Billings and Write Offs due to fewer ambulance runs resulting from no cruise ship arrivals.

- \$53,870 positive variance in building permits due to an increase in activity from Jackson Lab new housing units.
- \$36,250 positive variance in vacation rental permits due to a new ordinance requiring rental permits to be grandfathered.
- \$58,279 positive variance in cable tv franchise fees due to a reduced budget resulting from proposed FCC regulations, yet the regulations were not in place, thus the higher fees were paid.

Expenditures:

- \$15,143 negative variance in legal counsel due to an ongoing suit related to vacation rental fees and land use ordinance issues.
- \$12,240 negative variance in the 27th pay period due to low budgeting.
- \$137,439 positive variance in employee benefits due to the following:
 - FICA/Medicare benefits were under budget by \$32,215 due to many full-time positions not being filled
 - Health insurance was under budget by \$49,734 due to an assumed 8% increase in costs; however, no increase was realized. There were unfilled positions adding to lower employer costs.
 - Health insurance opt-out costs were under budget by \$24,595 due to an aggressive budget.
 - HRA employer costs were under budget by \$14,444 due to fluctuations based on the use of health insurance and the fees being unpredictable.
- \$116,350 positive variance in police department due to the following:
 - Police wages were under budget by \$39,000 due to the Sergeant's salary being paid from the parking fund and then retiring, from overtime costs not being needed to cover training that was cancelled and from part-time staff being paid at a lower level than full-time staff.
 - Police cruise ship detail was under budget by \$62,732 due to the cruise ships being cancelled for the year due to covid-19.
 - Contracted services for cleaning were under budget by \$11,851 due to hiring part-time employees to clean instead of hiring contracted services.
 - Contracted services for mutual aid were over budget by \$30,235 due to a low budget and the Town of Mount Desert being short staffed and requiring more mutual aid.
- \$68,479 negative variance in covid-19 costs due to the pandemic.
- \$78,868 positive variance in the highway division due to the following:
 - Contracted services for line striping were under budget by \$17,608 due to the contractor being short-staffed and not being able to fulfill the agreement. Funds are encumbered to the following year to complete the contract.
 - Motor fuel and diesel are under budget by \$19,295 due to using a 5-year average and fuels costs were very low.
 - Asphalt repairs and gravel/fill were under budget by \$11,398 and \$13,140 respectively due to unfinished projects.
 - Winter sand was under budget by \$25,713 due to a surplus from the prior year.
- \$81,837 negative variance due to the following:
 - Disposal and hauling fees were over budget by \$52,820 due to the higher costs of transporting.
 - Single sort fees were over budget by \$63,868 due to a very low budget and increased fees.
 - MSW tip fees were under budget by \$42,505 due to lower costs for the waste disposal.

Wastewater Fund

Revenues:

- \$64,848 positive variance in residential billings due to residents staying home during covid-19.
- \$37,252 negative variance in lodging billings due to fewer visitors during the first quarter of the fiscal year.
- \$25,484 negative variance in special assessments due to a delay in Ash Place assessments.

Expenses:

- \$58,182 positive variance in employee benefits due to unfilled staff positions and staff who opted out of health insurance left.
- \$32,498 positive variance in contracted services due to unspent septic cleaning funds.
- \$18,189 positive variance in materials and supplies due to a trend of lower cost of chemical treatments.

Water Fund

Revenues:

- \$42,799 positive variance residential sales due to residents staying home during covid-19.
- \$15,992 positive variance in Jackson Lab due to a conservative budget.
- \$19,697 negative variance in commercial sales due to fewer visitors during the first quarter of the fiscal year.

Expenses:

- \$9,000 positive variance in hydrant flow test due to the test being deferred because of the pandemic.
- \$22,101 positive variance in materials and supplies due to aggressive budgets.
- \$47,015 negative variance in repairs and maintenance due to increased January to June work orders and emergency repairs to water line breaks.

CAPITAL ASSET ADMINISTRATION

Capital Assets

The Town's investment in capital assets for its governmental and business-like activities amounts to \$97,306,101, net of accumulated depreciation of \$42,050,204, leaving a net book value of \$55,255,897. Current year additions included Capital Improvements such as upgrades to the ferry terminal, sidewalk reconstruction, vehicles, tennis courts and paving, as well as Water and Sewer additions.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Town's finances for all citizens, taxpayers, investors and creditors. This financial report seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Town of Bar Harbor, 93 Cottage Street, Bar Harbor, ME 04609.

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION
JUNE 30, 2021

Exhibit A

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Equivalents	12,780,944	4,506,517	17,287,461
Investments	1,778,231		1,778,231
Receivables:			
Taxes and Liens	455,006	5,441	460,447
User Fees, net		595,555	595,555
Accounts	32,924	18,544	51,468
Ambulance	167,711		167,711
Accrued Interest	8,183		8,183
Lease Receivable	54,886		54,886
Prepaid Expense	-	12,029	12,029
Inventory	21,922	186,952	208,874
Due from Other Governments	476,577		476,577
Bond Issuance Costs, Net		560	560
Capital Assets:			
Land	6,213,075	164,126	6,377,201
Construction Work in Progress	365,161	3,867	369,028
Other Capital Assets, Net of Depreciation	29,530,640	18,979,028	48,509,668
Total Assets:	51,885,260	24,472,619	76,357,879
Deferred Outflows of Resources:			
Related to Other Post Employment Benefits	262,593		262,593
Related to Pensions	704,352	124,318	828,670
Total Deferred Outflows of Resources	966,945	124,318	1,091,263
Total Assets and Deferred Outflows of Resources	52,852,205	24,596,937	77,449,142
Liabilities, Deferred Inflows of Resources and Net Position:			
Liabilities:			
Accounts Payable	768,197	172,645	940,842
Retainage Payable	5,917	-	5,917
Payroll Taxes Deductible	42,551		42,551
Due to Students	6,949		6,949
Accrued Salaries Payable	800,011	50,739	850,750
Accrued Compensated Absences	375,074	45,418	420,492
Accrued Interest Payable		31,113	31,113
Internal Balances	13,839	(13,839)	-
Deposits Payable	12,447		12,447
Debt Due Within One Year	1,117,397	708,958	1,826,355
Long-term Liabilities:			
Net Pension Liability	1,689,720	392,798	2,082,518
Net Post Employment Benefits Obligation	1,468,679		1,468,679
Debt Due in More Than One Year	11,602,454	4,643,540	16,245,994
Total Liabilities	17,903,235	6,031,372	23,934,607
Deferred Inflows of Resources:			
Property Taxes Collected in Advance	38,491		38,491
Related to Other Post Employment Benefits	109,447		109,447
Related to Pensions	22,550	4,319	26,869
Total Deferred Inflows of Resources	170,488	4,319	174,807
Net Position:			
Net Investment in Capital Assets	23,389,025	13,795,083	37,184,108
Restricted	2,508,258		2,508,258
Unrestricted	8,881,199	4,766,163	13,647,362
Total Net Position	34,778,482	18,561,246	53,339,728
Total Liabilities, Deferred Inflows of Resources and Net Position	52,852,205	24,596,937	77,449,142

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B

FOR THE YEAR ENDED JUNE 30, 2021		Program Revenues		Net (Expense) Revenue and Changes in Net Position		
Functions/Programs		Fees, Fines, and Charges for Services	Operating Grants	Governmental Activities	Business-type Activities	Total
Primary Government	Expenses					
<u>Governmental Activities:</u>						
General Government	3,580,498	654,664		(2,925,834)		(2,925,834)
Public Safety	3,612,281	471,220	150,205	(2,990,856)		(2,990,856)
Health and Welfare	393,439			(393,439)		(393,439)
Parks & Recreation	486,544	250		(486,294)		(486,294)
Roads and Sanitation	2,653,096	14,135		(2,638,961)		(2,638,961)
Assessments	4,125,490			(4,125,490)		(4,125,490)
Capital Outlay	985,665	-	10,000	(975,665)		(975,665)
Education	7,857,158	92,428	2,251,169	(5,513,561)		(5,513,561)
Post Employment Benefits	(56,910)			56,910		56,910
Parking Meters	269,203	1,599,307		1,330,104		1,330,104
Cruise Ship	17,748	1,820		(15,928)		(15,928)
Total Governmental Activities	23,924,212	2,833,824	2,411,374	(18,679,014)		(18,679,014)
<u>Business-type Activities:</u>						
Wastewater	1,993,968	2,081,384			87,416	87,416
Water	1,592,155	2,137,807			545,652	545,652
Total Business-type Activities	3,586,123	4,219,191			633,068	633,068
Total Primary Government	27,510,335	7,053,015	2,411,374	(18,679,014)	633,068	(18,045,946)
<u>General Revenues:</u>						
Taxes						
Property				18,299,275		18,299,275
Auto and Boat Excise				1,217,027		1,217,027
Intergovernmental Revenues				636,525		636,525
Other Local Sources				685,367	61,500	746,867
Contributions in Aid of Construction					(8,931)	(8,931)
Internal Transfers				20,000	(20,000)	-
Donation from Bay Ferries				3,515,000		3,515,000
Donation from State DOT				2,314,360		2,314,360
Gain/(Loss) on Disposal of Assets				(12,376)	(13,385)	(25,761)
Total Revenues, Special Items and Transfers				26,675,178	19,184	26,694,362
Changes in Net Position				7,996,164	652,252	8,648,416
Net Position - Beginning				26,782,318	17,908,994	44,691,312
Net Position - Ending				34,778,482	18,561,246	53,339,728

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

Exhibit C
Page 1 of 2

	General Fund	CIP Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Equivalents	12,778,236		2,708	12,780,944
Investments	1,765,132		13,099	1,778,231
Receivables				
Taxes	23,432			23,432
Tax Liens	431,574			431,574
Accounts	32,924			32,924
Ambulance Fees	167,711			167,711
Accrued Interest	8,183			8,183
Lease Receivable		54,886		54,886
Inventory	21,922			21,922
Due from Other Governments	476,577		-	476,577
Due from Other Funds	6,562	5,803,620	-	5,810,182
Total Assets	15,712,253	5,858,506	15,807	21,586,566
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	656,390	111,807		768,197
Retainage Payable		5,917		5,917
Payroll Taxes/Deductions	42,551			42,551
Accrued Salaries Payable	800,011			800,011
Accrued Compensated Absences	328,226			328,226
Due to Other Funds	5,824,021		-	5,824,021
Due to Students	6,949			6,949
Deposits Payable	12,447			12,447
Total Liabilities	7,670,595	117,724	-	7,788,319
Deferred Inflows of Resources:				
Property Taxes Collected in Advance	38,491			38,491
Unavailable Property Taxes	291,879			291,879
Unavailable Revenue		2,381		2,381
Unavailable Rental Income	2,785			2,785
Total Deferred Inflows of Resources	333,155	2,381	-	335,536
Fund Balances				
Nonspendable	1,444		11,757	13,201
Restricted	2,495,057		-	2,495,057
Committed		5,738,401		5,738,401
Assigned	3,013,982		4,050	3,018,032
Unassigned	2,198,020			2,198,020
Total Fund Balances	7,708,503	5,738,401	15,807	13,462,711
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	15,712,253	5,858,506	15,807	21,586,566

(Continued)

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

Exhibit C
Page 2 of 2

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance	13,462,711
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds, net of accumulated depreciation of \$25,328,427	36,108,876
Certain long-term assets are not available to pay for current fund liabilities and, therefore, are deferred in the funds:	
Unavailable Revenues	297,045
Certain long-term liabilities are not due and payable from current financial resources and, therefore, are not reported in the funds:	
Bonds Payable	(12,418,468)
School Leases Payable	(50,479)
Town Leases Payable	(250,904)
Accrued Compensated Absences - School Department	(46,848)
Deferred Inflows/Outflows Related to Other Post Employment Benefits	153,146
Post Employment Benefits Obligations	(1,468,679)
Net Pension Liability	(1,689,720)
Deferred Inflows/Outflows Related to Pensions	681,802
	<u>(15,090,150)</u>
Net Position of Governmental Activities	<u><u>34,778,482</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit D
Page 1 of 2

	<i>General Fund</i>	<i>CIP Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
Revenues				
Taxes	19,880,780			19,880,780
Intergovernmental Revenues	2,834,258	53,436	150,205	3,037,899
Departmental Revenues	2,736,302	-		2,736,302
Other Local Sources	456,077	334,827	200	791,104
Total Revenues	25,907,417	388,263	150,405	26,446,085
Expenditures				
Current:				
General Government	3,331,000			3,331,000
Public Safety	3,179,446		-	3,179,446
Health and Welfare	230,614		150,205	380,819
Parks and Recreation	414,908			414,908
Roads and Sanitation	1,997,094		-	1,997,094
Education	7,824,618			7,824,618
Assessments	4,125,490			4,125,490
Cruise Ship	17,748			17,748
Parking Meters	208,131			208,131
Capital Outlay		3,090,750	-	3,090,750
Total Expenditures	21,329,049	3,090,750	150,205	24,570,004
Excess of Revenues Over (Under) Expenditures	4,578,368	(2,702,487)	200	1,876,081
Other Financing Sources (Uses)				
Transfers In	514,324	3,445,738	-	3,960,062
Transfers Out	(3,939,995)	-	(67)	(3,940,062)
Total Other Financing Sources (Uses)	(3,425,671)	3,445,738	(67)	20,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	1,152,697	743,251	133	1,896,081
Fund Balance - July 1	6,555,806	4,995,150	15,674	11,566,630
Fund Balance - June 30	7,708,503	5,738,401	15,807	13,462,711

(Continued)

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit D
Page 2 of 2

Net change in fund balances - total governmental funds	1,896,081
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets:	
Capital asset purchases capitalized	6,958,686
Gain/(Loss) on Disposal of Assets	(12,376)
Depreciation expense	(1,594,536)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Unavailable Revenues	1,785
Unavailable Taxes	(364,478)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:	
Capital lease obligation principal payments	135,815
General obligation bond principal payments	974,383
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Accrued compensated absences	4,378
Post Employment Benefits Cost	(67,267)
Pension Plans (Deferred Outflows, Net Pension Liability, Deferred Inflows)	63,693
Change in net position of governmental activities	<u><u>7,996,164</u></u>

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2021

Exhibit E

<i>Assets</i>	<i>Wastewater Enterprise</i>	<i>Water Enterprise</i>	<i>Total</i>
Current Assets:			
Cash and Equivalents	2,547,528	1,958,989	4,506,517
Receivables			
User Fees, net	526,963	68,592	595,555
Liens Receivable	5,441	-	5,441
Accounts	17,087	1,457	18,544
Due From Other Funds	24,274		24,274
Inventory	22,202	164,750	186,952
Prepaid Expenses		12,029	12,029
Total Current Assets	3,143,495	2,205,817	5,349,312
Noncurrent Assets:			
Capital Assets, net	9,278,550	9,868,471	19,147,021
Bond Issuance Costs, net	-	560	560
Total Noncurrent Assets	9,278,550	9,869,031	19,147,581
Total Assets	12,422,045	12,074,848	24,496,893
Deferred Outflows of Resources:			
Related to Pensions	74,775	49,543	124,318
Total Deferred Outflows of Resources	74,775	49,543	124,318
Total Assets and Deferred Outflows of Resources	12,496,820	12,124,391	24,621,211
Liabilities and Net Position			
Liabilities			
Accounts Payable	112,466	60,179	172,645
Accrued Salaries and Benefits	27,367	23,372	50,739
Accrued Interest Payable	4,721	26,392	31,113
Due to Other Funds		10,435	10,435
Compensated Absences Payable	26,736	18,682	45,418
Bonds and Notes Payable	108,358	600,600	708,958
Total Current Liabilities	279,648	739,660	1,019,308
Noncurrent Liabilities:			
Net Pension Liability	247,364	145,434	392,798
Bonds and Notes Payable	1,000,236	3,643,304	4,643,540
Total Noncurrent Liabilities	1,247,600	3,788,738	5,036,338
Total Liabilities	1,527,248	4,528,398	6,055,646
Deferred Inflows of Resources:			
Related to Pensions	2,720	1,599	4,319
Total Deferred Inflows of Resources	2,720	1,599	4,319
Net Position			
Net Investment in Capital Assets	8,169,956	5,625,127	13,795,083
Retained Earnings			
Reserved	2,692,469	1,108,826	3,801,295
Unreserved	104,427	860,441	964,868
Total Net Position	10,966,852	7,594,394	18,561,246
Total Liabilities, Deferred Inflows of Resources and Net Position	12,496,820	12,124,391	24,621,211

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit F

	<u>Proprietary Fund Types</u>		
	<u>Wastewater</u>	<u>Water</u>	
	<u>Enterprise</u>	<u>Enterprise</u>	<u>Total</u>
Operating Revenues:			
Charges for Services	2,070,997	2,135,699	4,206,696
Interest - Late Penalties	10,387	2,108	12,495
Total Operating Revenues:	2,081,384	2,137,807	4,219,191
Operating Expenditures:			
Current:			
Salaries and Benefits	648,691	473,916	1,122,607
Contracted Services	202,925	256,765	459,690
Utilities & Commodities	217,550	52,814	270,364
Repairs & Maintenance	118,952	211,015	329,967
Equipment	11,053	13,033	24,086
Other Expenses	45,685	44,897	90,582
Depreciation and Amortization	542,994	316,533	859,527
Materials and Supplies	140,040	101,599	241,639
Total Operating Expenditures	1,927,890	1,470,572	3,398,462
Net Operating Income	153,494	667,235	820,729
Nonoperating Revenues (Expenses)			
Interest Revenue	14,925	13,208	28,133
Special Assessment	34,516		34,516
Jobbing Income, net of expense	-	(1,149)	(1,149)
Loss on Disposal of Assets	(17,125)	3,740	(13,385)
Transfer to CIP Program		(20,000)	(20,000)
Contributions in Aid of Construction	-	(8,931)	(8,931)
Related to Pensions	(27,637)	(623)	(28,260)
Interest Expense	(38,441)	(120,960)	(159,401)
Total Nonoperating Revenue (Expenses)	(33,762)	(134,715)	(168,477)
Change in Net Position (net income)	119,732	532,520	652,252
Total Net Position - Beginning	10,847,120	7,061,874	17,908,994
Total Net Position - Ending	10,966,852	7,594,394	18,561,246

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit G

	Proprietary Fund Types		
	Wastewater Enterprise	Water Enterprise	Total
Cash Flows from Operating Activities			
Received from Customers	2,081,384	2,137,807	4,219,191
Payments to Suppliers	(690,520)	(635,226)	(1,325,746)
Payments to Employees	(648,691)	(473,916)	(1,122,607)
Other Receipts (Payments)	(11,169)	(74,977)	(86,146)
Net Cash Provided by (Used in) Operating Activities	731,004	953,688	1,684,692
Cash Flows from Capital and Related Financing Activities			
Purchases of Capital Assets	(314,772)	(178,109)	(492,881)
Principal Paid on Capital Debt	(108,358)	(593,072)	(701,430)
Proceeds from Sale of Land/Capital Assets	(17,125)	3,740	(13,385)
Interest Paid on Capital Debt	(38,441)	(120,960)	(159,401)
Net Cash Used in Capital and Related Financing Activities	(478,696)	(888,401)	(1,367,097)
Cash Flows from Investing Activities			
(Purchase)/Sale of Investments	(133,101)	71,883	(61,218)
Interest and Dividends	14,925	13,208	28,133
Net Cash Provided by (Used in) Investing Activities	(118,176)	85,091	(33,085)
Net Increase (Decrease) in Cash and Cash Equivalents	134,132	150,378	284,510
Balances - beginning of the year	2,413,396	1,808,611	4,222,007
Balances - end of the year	2,547,528	1,958,989	4,506,517
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:			
Net Operating Income (Loss)	153,494	667,235	820,729
Adjustment to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	542,994	316,533	859,527
(Increase) Decrease in Accounts Receivable	(172,291)	14,483	(157,808)
(Increase) Decrease in Due To/From Other Funds	164,355	(65,476)	98,879
(Increase) Decrease in Inventory	(1,178)	19,564	18,386
(Increase) Decrease in Prepaid Expense	-	491	491
Increase (Decrease) in Accrued Wages Payable	2,263	7,381	9,644
Increase (Decrease) in Accrued Interest Payable	(393)	(2,500)	(2,893)
Increase (Decrease) in Compensated Absences Payable	941	3,481	4,422
Increase (Decrease) in Accounts Payable	40,819	(7,504)	33,315
Net Cash Provided by (Used in) Operating Activities	731,004	953,688	1,684,692

The notes to financial statements are an integral part of this statement.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Bar Harbor have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Financial Reporting Entity

The Town of Bar Harbor operates under an elected Town Council and Town Manager form of government. The Town's Elementary School Department operates under an elected School Committee. The School Department is administered by AOS #91. The Town's major operations include public works, water, wastewater, harbor facilities, public safety, fire protection, education, and general administrative services.

For financial reporting purposes the Town includes all organizations, functions and activities in its financial statements for which it exercises oversight responsibility. Oversight responsibility as defined by the Governmental Accounting Standards Board (GASB) includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the activities of the Town. Fiduciary activities, whose resources are not available to finance the Town's programs, are excluded from the government-wide statements. The material effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and various intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Functional expenses may also include an element of indirect cost, designed to recover administrative (overhead) costs. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Funds are classified into the following categories: governmental, proprietary and fiduciary.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *total economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and trust fund financial statements. Revenues are recognized when transactions occurred and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. Agency funds, reporting only assets and liabilities, have no measurement focus but use the accrual basis of accounting.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including interest on long-term debt, as well as expenditure related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, sales taxes, interdepartmental charges, and intergovernmental revenues are all considered to be susceptible to accrual. Special assessments are recorded as revenues in the year the assessments become current. Annual installments not yet due are reflected as special assessment receivables and unearned revenues. Other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

The General Fund is used to account for all or most of the Town's general activities, including the school, the revenues and expenditures of the Cruise Ship fund, the revenues and expenditures of the Parking Fund, and the collection and disbursement of earmarked monies (special revenue funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

The CIP fund accounts for all the Town and School Department major capital projects and the servicing of general long-term debt (debt service fund).

The Town reports the following major enterprise funds:

The wastewater fund accounts for the activities of the wastewater department. The Town operates the wastewater collection system and related administrative costs, including debt service.

The water fund accounts for the activities of the water department. The Town operates the water collection system and related administrative costs, including debt service.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities, and Net Position or Fund Equity

1. Deposits and Investments

Governmental Accounting Standards Statement No. 3, as amended by No. 40, requires the disclosure of interest rate risk, credit risk, and custodial risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town invests in short term repurchase obligations and short term investments held by a local banking institution. As a means of limiting its exposure credit risk, the Town limits its investments to those authorized by Maine State Statutes, which authorize the Town to make deposits/investments in insured commercial banks, insured credit unions, and direct debt securities of the United States Government unless such an investment is expressly prohibited by law. For an investment, custodial risk is the risk that in the event of the failure of the counter party the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

As a means of limiting its exposure to custodial risk, the Town requires that, at the time funds are invested, collateral for repurchase agreements be held in the Town's name by a custodial agent for the term of the agreement and investments in obligations of the United States or its agencies be held by the Federal Reserve.

2. Receivables and Payables

Transactions between funds that result in outstanding balances are reported as due to/from other funds.

Property taxes receivable not expected to be collected within 60 days from year end are classified as unavailable revenue. At June 30, \$291,879 has been so classified and reported on the general fund balance sheet.

Annual property taxes were levied on August 3, 2020, on property values assessed on April 1. Taxes were due in two installments without penalty, due on September 30 and March 31, with interest at 8.0% beginning October 1 and April 1. Tax liens are placed on real property within 12 months following the tax commitment date if taxes remain delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the liens if the lien amount and associated costs remain unpaid.

3. Inventories

Inventories are valued at cost. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

4. Capital Assets

Capital assets, which property, plant, equipment, and infrastructure (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

4. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the asset constructed. Property, plant, and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Infrastructure	18-77
Equipment	3-20

5. Deferred Inflows/Outflows of Resources

In addition to assets and liabilities, the statement of net position and the governmental fund balance sheet will report a separate section for deferred outflows and/or inflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period(s) and therefore will not be recognized as an expense/expenditure until then. Deferred inflows of resources represent an acquisition of net position that applies to future period(s) and therefore will not be recognized as revenue until that time. The Town has items that qualify as deferred outflows of resources, and it has items that qualify as deferred inflows of resources. These items are related to pensions and other post-employment benefits. These amounts are considered unavailable and will be recognized as an outflows of resources (expenditures) and inflows of resources (revenues) in the period that the amounts become available.

6. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Maine Employees Retirement System (System) and additions to/deductions from MPERS' fiduciary net position have been determined on the same basis as they are reported by MPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable pursuant to formal commitments or statutory requirements. Investments are reported at fair value. Investment income is recognized when earned and investment expenses are recorded when incurred.

7. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Maine Education Association Benefits Trust (MEABT) and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by MEABT. For this purpose, MEABT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

8. Compensated Absences

In the fund financial statements, vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave, holiday leave and comp time in the government-wide financial statements is recorded as an expense and liability of the fund as the benefits accrue to employees. Accordingly, no liability is recorded for nonvesting accumulated right to receive sick pay benefits.

9. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

10. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type financial statements. In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources.

Under State Law, no municipality can incur debt, which would cause its total outstanding debt, exclusive of debt incurred for school, storm or sanitary sewer, energy facilities, or municipal airports, to exceed 7.50% of its last full state valuation. A municipality may incur debt for schools not exceeding 10%, storm or sanitary sewers 7.50%, and municipal airports, water districts and special purpose districts 3% of its last full state valuation. In no event can the total debt exceed 15% of its last full valuation. Full state valuation is the valuation of taxable property as certified by the State Tax Assessor, adjusted to 100%. At June 30, the Town of Bar Harbor is in compliance with the above requirements.

11. Fund Balances/Net Position

Fund Balances

The Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through town meeting voting and does not lapse at year-end.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

11. Fund Balances/Net Position (Continued)

Fund Balances (continued)

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balances may be assigned by the Town Council.

Unassigned – includes positive fund balance within the general fund which has not been classified within the above mentioned categories and negative fund balance in other governmental funds.

The Town considers restricted, committed, assigned, and unassigned amounts to be spent in that order when expenditures for which any of those amounts are available.

The Town's fund balance policy requires at least 10% of the Town's previous year's total audited general fund revenues to be assigned as designated for working capital.

The Town has identified June 30, 2021 fund balances on the balance sheet as follows:

	<i>General Fund</i>	<i>Capital Improvement Projects</i>	<i>Other Governmental Funds</i>	<i>Total</i>
<u><i>Nonspendable</i></u>				
School Lunch Inventory	1,444			1,444
Gurnee Principal			6,488	6,488
Cemetery Principal			5,269	5,269
	1,444	-	11,757	13,201
<u><i>Restricted</i></u>				
Parking Meter Fund	1,115,766			1,115,766
School Restricted Funds	1,379,291			1,379,291
	2,495,057	-	-	2,495,057
<u><i>Committed</i></u>				
Capital Improvement Programs		5,738,401		5,738,401
	-	5,738,401	-	5,738,401
<u><i>Assigned</i></u>				
Reserve for Working Capital	2,246,000			2,246,000
Designated for Insurance	500,000			500,000
Designated for Fiber Lease	50,000			50,000
General Fund Encumbrances	121,860			121,860
Cruise Ship Fund	96,122			96,122
Gurnee Scholarship			4,050	4,050
	3,013,982	-	4,050	3,018,032
<u><i>Unassigned</i></u>				
General Fund	2,198,020			2,198,020
<u><i>Total Fund Balance</i></u>	<u>7,708,503</u>	<u>5,738,401</u>	<u>15,807</u>	<u>13,462,711</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Assets, Liabilities and Equity (Continued)

11. Fund Balances/Net Position (Continued)

Net Position

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted – This component of net position consists of restrictions placed on net position use through external constraints imposed by creditors (such as debt covenants), grantors, contributors, or law or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the government’s governmental funds. However, the Town’s School Department does not budget for the revenues and expenditures associated with the employer’s teacher retirement contribution made by the State of Maine on behalf of the town to the Maine Public Employees Retirement System (MPERS). School grant funds and the school lunch fund do not have legally adopted budgets. All annual appropriations lapse at fiscal year-end to the extent that they have not been encumbered.

All agencies of the government submit requests for appropriations to the government’s manager commencing 6 weeks before the manager is required to submit the budget to the government’s council. The manager compiles the data and submits the total budget to the council on or before the third Tuesday in January each year. The council holds public hearings, adopts the budget, and recommends it to the warrant committee on or before February 22. No later than seven days following adoption, the manager submits the budget to the warrant committee, which reviews the budget and submits its recommendation to the council at least four weeks prior to the Town Meeting. The council submits the budget to the Town Meeting along with the recommendation of the warrant committee. The Town Meeting adopts the final budget.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

A. Budgetary Information (Continued)

The appropriated budget is prepared by fund, function and department. The manager and department heads may make transfers of appropriations within cost centers, but may not exceed the total cost center appropriation. The council may transfer appropriations between cost centers to the extent of any unencumbered appropriation balance.

Reserve funds, once established by the Town Meeting, may be expended with approval of the council for the purpose for which the reserve was established.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balance and do not constitute expenditures or liabilities because the commitments are carried forward to supplement appropriations of the subsequent year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits/Investments

Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. The Town's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State Statute 5706 requires banks to give bond or to pledge government securities (types of which are specifically identified in the Statutes) to the Town in the amount of the Town's deposits. The Statutes allow pledged securities to be reduced by the amount of Federal Deposit Insurance Corporation (FDIC).

The financial institutions holding the Town's cash accounts are participating in the Federal Deposit Insurance Corporation (FDIC) program. For interest and non-interest bearing cash accounts, the Town's cash deposits, including certificates of deposit, are insured up to \$250,000 each (interest bearing and non-interest bearing) by the FDIC.

The Town's investment policy further restricts the investment options delegated to the Town Treasurer. The Town is authorized to invest in only U.S. Treasury bills less than one year, U.S. Treasury notes 1-5 years, certificates of deposit up to \$250,000 per bank with FDIC coverage from only 5 local banks, overnight repurchase agreements or deposit accounts, investment management agreements, local government investment pools, interest bearing checking accounts, or CDARS investment options.

At year-end, the government's carrying amount of deposits was \$17,287,461 and the bank balance was \$17,008,558 plus \$367,634 cash included with the investment portfolio for a total of \$17,376,192. The Town has no uninsured or uncollateralized deposits as of June 30, 2021.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

Investments

The Town holds investments that are measured at fair value on a recurring basis. Because investing is not a core part of the town's mission, the town determines that the disclosures related to these investments only need to be disaggregated by major type. The Town chooses a narrative format for the fair value disclosures.

The Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

Level 1 inputs are quoted in active markets for identical assets.

Level 2 inputs are significant other observable inputs.

Level 3 inputs are significant unobservable inputs.

The Town has the following recurring fair value measurements as of June 30, 2021:

- U.S. Treasury securities and corporate bonds in the amount of \$1,778,231 are valued using quoted market prices (Level 1 inputs)

Generally, the Town's investing activity is managed under the custody of Bar Harbor Trust Services. Investing is performed in order to maximize safety, liquidity and yield, as outlined in the Town Council's Investment Policy.

Custodial credit risk - for an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment securities that are in the possession of an outside party. The investment funds are invested in securities, therefore, there are no uncollateralized investments and thus, no custodial credit risk exists.

Interest rate risk - As a means of limiting its exposure to fair value losses arising from rising interest rate, the investment funds through Bar Harbor Trust Services are managed by an investment manager to ensure that the funds are invested in less risky investments.

Credit risk - credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The treasurer selects appropriate investments and a trust department to fill each asset class allocation. The individual investment and trust department manager chosen shall be those determined to meet the objectives of the town investment policy in terms of safety, liquidity and yield.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

B. Property Taxes

Property taxes were levied for the fiscal year as follows:

Assessed Value	1,530,257,700
Tax Rate (per \$1,000)	<u>11.90</u>
Commitment	<u>18,210,067</u>
Appropriations	26,287,845
Less:	
State Municipal Revenue Sharing	178,000
Estimated Revenues	7,652,986
BETE Reimbursement	61,033
Homestead Reimbursement	<u>185,759</u>
	<u>8,077,778</u>
Net Assessment for Commitment	<u>18,210,067</u>

Uncollected real estate taxes/liens and personal property taxes at June 30 for the current year commitment totaled \$324,424, which represents tax collection of approximately 98.22 % of the current year commitment, including supplemental taxes issued in the amount of \$5,350. The real estate portion of the total taxes due was placed on lien June 29, 2021. Unpaid prior year tax liens at June 30 totaled \$111,375.

C. Interfund Receivables and Payables

Individual fund interfund receivable and payable balances at June 30, 2021 were as follows:

	<u><i>Interfund Receivable</i></u>	<u><i>Interfund Payable</i></u>
General Fund	6,562	5,824,021
Capital Project Funds	5,803,620	
Water Fund	24,274	
Wastewater Fund	<u> </u>	<u>10,435</u>
Totals	<u>5,834,456</u>	<u>5,834,456</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Interfund Receivables and Payables (Continued)

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. They are classified as Due to/from Other Funds and are eliminated on the Statement of Net Position. At June 30, 2021, the balances above were due between funds. Monies are held in the general fund for ease of investing and disbursements. The balance for the water and wastewater fund of \$34,709 is expected to be repaid during the next year. The remaining balance will be retired upon use of the funds.

D. Capital Assets (Includes School)

Capital asset activity for the year ended June 30, 2021 was as follows:

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Governmental Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	5,463,075	750,000		6,213,075
Construction Work in Progress	221,141	153,641	(9,620)	365,162
	5,684,216	903,641	(9,620)	6,578,237
<i>Capital assets being depreciated:</i>				
Buildings	16,754,360	2,624,667	(37,175)	19,341,852
Equipment	9,256,303	289,845	(399,501)	9,146,647
Infrastructure	23,308,637	3,150,153	(88,224)	26,370,566
<i>Total capital assets being depreciated</i>	49,319,300	6,064,665	(524,900)	54,859,065
<i>Less accumulated depreciation for:</i>				
Buildings	5,162,263	463,900	(30,986)	5,595,177
Equipment	4,659,740	616,698	(394,476)	4,881,962
Infrastructure	14,424,411	513,938	(87,062)	14,851,287
<i>Total accumulated depreciation</i>	24,246,414	1,594,536	(512,524)	25,328,426
<i>Net capital assets being depreciated</i>	25,072,886	4,470,129	(12,376)	29,530,639
<i>Governmental Activities Capital Assets, net</i>	30,757,102	5,373,770	(21,996)	36,108,876

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets (Continued)

	<i>Beginning Balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending Balance</i>
<i>Business-type Activities;</i>				
<i>Capital assets not being depreciated</i>				
Land	165,203	41,200		206,403
<i>Capital assets being depreciated:</i>				
Water Fund	14,221,511	178,109	(48,790)	14,350,830
Wastewater Fund	21,088,894	273,572	(50,900)	21,311,566
<i>Total capital assets being depreciated</i>	<u>35,310,405</u>	<u>451,681</u>	<u>(99,690)</u>	<u>35,662,396</u>
<i>Less accumulated depreciation for:</i>				
Water Fund	4,344,522	329,606	(50,817)	4,623,311
Wastewater Fund	11,589,248	542,994	(33,775)	12,098,467
<i>Total accumulated depreciation</i>	<u>15,933,770</u>	<u>872,600</u>	<u>(84,592)</u>	<u>16,721,778</u>
<i>Net capital assets being depreciated</i>	<u>19,376,635</u>	<u>(420,919)</u>	<u>(15,098)</u>	<u>18,940,618</u>
<i>Business-type Activities Capital Assets, net</i>	<u>19,541,838</u>	<u>(420,919)</u>	<u>(15,098)</u>	<u>19,147,021</u>

Depreciation expense was charged to functions/programs of the primary government as follows;

Governmental Activities:

General Government	215,935
Public Safety	405,445
Health and Welfare	12,620
Parks and Recreation	71,636
Roads and Sanitation, including infrastructure	656,002
Education	171,826
Parking Fund	<u>61,072</u>
Total Depreciation Expense - Governmental Activities	<u>1,594,536</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. Annual debt service payments are budgeted and expended through the Town of Bar Harbor Capital Improvement Fund (CIP).

The following is a summary of long-term debt transactions of the Town of Bar Harbor for the year ended June 30, 2021:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Reductions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
<i>Governmental activities:</i>					
<i>Bonds payable:</i>					
2004 School Heating System	278,084	-	(50,197)	227,887	52,772
2010 Capital Construction, Roads, Refinanced in 2020	1,604,767	-	(159,186)	1,445,581	159,186
2013 Public Works Complex	2,550,000	-	(145,000)	2,405,000	150,000
2014 Town Hall & Signage	1,820,000	-	(125,000)	1,695,000	125,000
2015 Refinanced Agamont Park & Seawall	200,000	-	(40,000)	160,000	40,000
2015 Public Safety Building	320,000	-	(20,000)	300,000	20,000
2018 Ladder Truck, Public Safety Building & Transfer Station Renovations	2,750,000	-	(160,000)	2,590,000	160,000
2019 Parking Meters, Ferry Terminal	2,645,000	-	(230,000)	2,415,000	230,000
2019 Ferry Terminal Taxable	1,225,000	-	(45,000)	1,180,000	45,000
<i>Sub-Total Bonds Payable</i>	<i>13,392,851</i>	<i>-</i>	<i>(974,383)</i>	<i>12,418,468</i>	<i>981,958</i>
<i>Other Governmental long-term activities:</i>					
Town LED Lights Lease	372,762	-	(121,858)	250,904	123,543
School Department Copier Capital Lease	61,923	-	(11,444)	50,479	11,896
School Department Printer Capital Lease	2,513	-	(2,513)	-	-
	437,198	-	(135,815)	301,383	135,439
Total Governmental Activities	13,830,049	-	(1,110,198)	12,719,851	1,117,397
<i>Business-Type Activities:</i>					
<i>Bonds payable:</i>					
<i>Water Department:</i>					
2002 Water Tank Purchase	93,137	-	(45,953)	47,184	47,184
2010 Water Mains, Refinanced in 2020	260,233	-	(25,814)	234,419	25,814
2011 Water Refinance Mains Replacement & Duck Brook Pump Station	1,333,048	-	(306,642)	1,026,406	311,642
2012 Safe Drinking Revolving Water Loan	1,790,559	-	(129,664)	1,660,895	130,960
2015 Route 3 Water Main Project	1,360,000	-	(85,000)	1,275,000	85,000
<i>Sub-Total Water Department</i>	<i>4,836,977</i>	<i>-</i>	<i>(593,073)</i>	<i>4,243,904</i>	<i>600,600</i>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

<i>Wastewater Department:</i>					
2011 Wastewater Mains Replacement & Scada System	851,952	-	(68,358)	783,594	68,358
2015 Refinanced Hulls Cove Wastewater Plant	365,000	-	(40,000)	325,000	40,000
<i>Sub-Total Wastewater Department</i>	1,216,952	-	(108,358)	1,108,594	108,358
 <i>Total Business-Type Activities</i>	 6,053,929	 -	 (701,431)	 5,352,498	 708,958
 <i>Total Debt</i>	 19,883,978	 -	 (1,811,629)	 18,072,349	 1,826,355

Governmental Activities:

In 2004, the School Department was issued a bond for the school heating project from the Maine Municipal Bond Bank. The loan was issued for \$805,000 with annual principal and interest payments ranging from \$61,083 in fiscal year 2021 up to \$62,211 in the last fiscal year of 2025. Interest is payable semi-annually at a rate of 4.57%. The balance at June 30, 2021 was \$227,887.

In 2010, the Town was issued a bond for capital construction roads and sidewalks from Hutchinson, Shockey, Erly & Co. The loan was originally issued for \$3,700,000, but was refinanced in fiscal year 2020 and the town received a bond premium. The bond was reissued in the amount of \$1,604,767 with annual principal and interest payments ranging from \$246,333 in fiscal year 2021 to \$167,146 for the last payment in fiscal year 2030. Interest is payable semiannually at a rate of 3.0 – 4.0%. The balance at June 30, 2021 was \$1,445,581.

In 2013, the Town was issued a bond for the public works facility from Robert W. Baird, Co. Inc. The loan was issued for \$3,350,000 with annual principal and interest payments ranging from \$232,412 in fiscal year 2021 to \$234,600 for the last payment in fiscal year 2034. Interest is payable semi-annually at a rate of 3.0 – 4.0%. The balance at June 30, 2021 was \$2,405,000.

In 2014, the Town was issued a bond for the town hall & signage project from Morgan Stanley & Co. The loan was issued for \$2,442,000 with annual principal and interest payments ranging from \$184,375 in fiscal year 2021 to \$111,787 for the last payment in fiscal year 2035. Interest is payable semi-annually at a rate of 2.5 – 4.0%. The balance at June 30, 2021 was \$1,695,000.

In 2015, the Town was issued a bond for the refinance of Agamont Park and seawall from Roosevelt & Cross, Inc. The loan was issued for \$360,000 with annual principal and interest payments ranging from \$46,600 in fiscal year 2021 to \$40,800 for the last payment in fiscal year 2025. Interest is payable semi-annually at a rate of 4.0-4.38%. The balance at June 30, 2021 was \$160,000.

In 2015, the Town was issued a bond for the refinance of the public safety building from Roosevelt & Cross, Inc. The loan was issued for \$400,000 with annual principal and interest payments ranging from \$30,600 in fiscal year 2021 to \$20,300 for the last payment in fiscal year 2036. Interest is payable semi-annually at a rate of 3.0 – 5.0%. The balance at June 30, 2021 was \$300,000.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

In 2018, the Town was issued a bond for the ladder truck, public safety building and transfer station renovations from Eastern Bank Capital. The loan was issued for \$3,070,000 with annual principal and interest payments ranging from \$264,100 in fiscal year 2021 to \$137,025 for the last payment in fiscal year 2038. Interest is payable semi-annually at a rate of 3.0 – 5.0%. The balance at June 30, 2021 was \$2,590,000.

In 2019, the Town was issued a bond for parking meters and the tax exempt portion of the ferry terminal purchase from Roosevelt & Cross, Inc. The loan was issued for \$2,875,000 with annual principal and interest payments ranging from \$330,050 in fiscal year 2021 to \$116,725 for the last payment in fiscal year 2039. Interest is payable semi-annually at a rate of 3.0 – 5.0%. The balance at June 30, 2021 was \$2,415,000.

In 2019, the Town was issued a bond for the taxable portion of the ferry terminal purchase from Robert W. Baird & Co. Inc. The loan was issued for \$1,225,000 with annual principal and interest payments ranging from \$90,649 in fiscal year 2021 to \$91,620 for the last payment in fiscal year 2039. Interest is payable semi-annually at a rate of 3.0 – 5.0%. The balance at June 30, 2021 was \$1,180,000.

In 2019, the School Department entered into a capital lease for the purchase of copiers through a combined lease through the Mount Desert Island Consolidated School District. The Bar Harbor School Department portion of the lease was for \$61,923 with annual principal and interest payments of \$13,890. Interest is paid annually at a rate of 3.95%. The balance at June 30, 2021 was \$50,479.

In 2019, the School Department entered into a capital lease for the purchase of printers with Access Equipment. The lease was issued for \$7,503.90 with annual principal and interest payments of \$2,715. Interest is paid annually at a rate of 8.00%. The balance at June 30, 2021 was \$0.

In 2019-20, the Town entered into a capital lease for the LED Lights project with Municipal Leasing Consultants, LLC.. The lease was issued for \$372,762 with annual principal and interest payments of \$131,296. The proceeds of the lease was deposited into an escrow account with City National Bank of Florida, who disburse funds as needed to pay expenditures incurred. Interest is paid annually at a rate of 3.090%. The balance at June 30, 2021 was \$250,904.

Business-Type Activities:

In 2002, the Town was issued a bond for the water tank purchase from Maine Municipal Bond Bank. The loan was issued for \$750,000 with annual principal and interest payments ranging from \$49,805 in fiscal year 2021 to \$50,006 for the last payment in fiscal year 2022. Interest is payable semi-annually at a rate of 2.67%. The balance at June 30, 2021 was \$47,184.

In 2010, the Town was issued a bond for water mains replacement from Hutchinson, Shockey, Erly & Co. The loan was originally issued for \$600,000, but was refinanced in fiscal year 2020 and the town received a bond premium. The bond was reissued in the amount of \$260,233 with annual principal and interest payments ranging from \$39,946 in fiscal year 2021 to \$27,104 for the last payment in fiscal year 2030. Interest is payable semi-annually at a rate of 3.0 – 4.0%. The balance at June 30, 2021 was \$234,419.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

In 2011, the Town was issued a bond for wastewater mains replacement and SCADA system from Morgan Stanley & Co. The loan was issued for \$1,316,000 with annual principal and interest payments ranging from \$93,742 in fiscal year 2021 to \$72,635 for the last payment in fiscal year 2032. Interest is payable semi-annually at a rate of 2.5 – 3.5%. The balance at June 30, 2021 was \$783,594.

In 2011, the Town was issued a bond for water mains and to refinance the original water company purchase from Morgan Stanley & Co. The loan was issued for \$3,739,000 with annual principal and interest payments ranging from \$342,464 in fiscal year 2021 to \$85,077 for the last payment in fiscal year 2032. Interest is payable semi-annually at a rate of 2.5 – 3.5%. The balance at June 30, 2021 was \$1,026,406.

In 2012, the Town was issued a bond for Duck Brook water upgrades from the Safe Drinking Revolving Loan from the Maine Municipal Bond Bank. The loan was issued for \$2,679,150 with \$16,193 forgiven for a net total of \$2,662,957. Annual principal and interest payments ranging from \$154,266 in fiscal year 2021 to \$154,180 for the last payment in fiscal year 2033 are due. Interest is payable semi-annually at a rate of 1.5%. The balance at June 30, 2021 was \$1,660,895.

In 2015, the Town was issued a bond for the Route 3 water project from Roosevelt & Cross, Inc. The loan was issued for \$1,700,000 with annual principal and interest payments ranging from \$130,050 in fiscal year 2021 to \$86,275 for the last payment in fiscal year 2036. Interest is payable semi-annually at a rate of 2.5 – 5.0%. The balance at June 30, 2021 was \$1,275,000.

In 2015, the Town was issued a bond to refinance the wastewater Hulls Cove plant from Roosevelt & Cross, Inc. The loan was issued for \$510,000 with annual principal and interest payments ranging from \$53,450 in fiscal year 2021 to \$50,625 for the last payment in fiscal year 2028. Interest is payable semi-annually at a rate of 4.0 – 4.38%. The balance at June 30, 2021 was \$325,000.

Annual debt service requirements to maturity including interest of \$4,848,753 (including fees) are as follows:

<i>Year Ended June 30,</i>	<i>Governmental Activities</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	1,117,397	472,638	1,590,035
2023	1,134,391	424,461	1,558,852
2024	1,020,363	375,330	1,395,693
2025	913,863	333,864	1,247,727
2026	822,093	297,854	1,119,947
2027-2031	3,971,744	983,184	4,954,928
2032-2036	2,865,000	343,243	3,208,243
2037-2039	875,000	37,845	912,845
Total	12,719,851	3,268,419	15,988,270

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-Term Debt (Continued)

<i>Year Ended June 30,</i>	<i>Business-Type Activities</i>		<i>Total</i>
	<i>Principal</i>	<i>Interest</i>	
2022	708,958	143,471	852,429
2023	418,083	125,858	543,941
2024	424,406	114,064	538,470
2025	430,742	102,103	532,845
2026	444,184	89,206	533,390
2027-2031	2,055,357	267,246	2,322,603
2032-2036	870,768	52,186	922,954
2037-2039	-	-	-
Total	5,352,498	894,134	6,246,632
Totals	18,072,349	4,162,553	22,234,902

NOTE 4 - OTHER INFORMATION

A. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the government expects such amount, if any to be immaterial.

The government is a defendant in various lawsuits which results from the normal course of its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of management that resolution of these matters will not have a material adverse effect on the financial condition of the government.

B. Permanent Funds

The principal amount of all Permanent Funds is restricted either by law or by terms of individual bequests in that only income earned may be expended. The government's Permanent Funds at June 30 are detailed as follows:

<i>Purpose</i>	<i>Nonspendable</i>	<i>Assigned</i>
Cemetery Care	5,269	-
Scholarships	6,488	4,050
Total	11,757	4,050

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION

C. Pension Plans

Plan Description

The Town's employees are covered under the ICMA or Maine Public Employees Retirement System.

The ICMA RC (International City Management Association Retirement Corporation) is a qualified defined contribution plan created in accordance with Internal Revenue Code Section 457. The plan, available to all regular, full-time Town employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency as defined by the Internal Revenue Code provisions.

The plan is administered by an independent company, and the Town remits all compensation deferred to this administrator for investment as requested by the participant employees. All compensation deferred and funded under the plan, all investments purchased and all income attributable thereto are held in trust for the exclusive benefit of participants and their beneficiaries.

Funding Policy

Under the ICMA plan, covered employees contribute a percentage of their salary to the plan with the Town contributing 6.5% to 10.0%. The Town's costs for the fiscal years ended June 30, 2019, 2020 and 2021 were \$77,899, \$75,010 and \$86,248 respectively.

Social Security

The Town has a section 218 agreement to provide full Social Security coverage for its full time employees and at the Town's discretion may exclude part time employees. This agreement was enacted July 1, 1965.

D. Defined Benefit Employee Pension Plan

Plan Description

Qualifying personnel of the Town of Bar Harbor participate in the Maine Public Employees Retirement System (System) State Employee and Teacher (SET) Plan and the Participating Local Districts (PLD) Consolidated Retirement Plan. Both plans are a multiple-employer, cost-sharing pension plan with a special funding situation for the SET Plan. The State of Maine is a non-employer contributing entity for the SET Plan in that the State pays the initial unfunded actuarial liability on behalf of teachers, while school systems contribute the normal cost, calculated actuarially, for the teacher members. The System issues a financial report that includes the financial statements and required supplementary information for the plans. That report may be obtained by writing to Maine Public Employees Retirement System, PO Box 349, Augusta, Maine 04332-0349 or by calling 1-800-451-9800.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Pension Benefits

SET benefit terms are established in Maine Statute. The PLD Consolidated Plan has an advisory group, also established by statute, who review the terms of the plan and periodically makes recommendations to the Legislature to amend the terms. The System's retirement programs provide defined retirement benefits based on member's average final compensation and service credit earned as of retirement. Vesting (i.e., eligibility for benefits upon reaching qualification) occur upon the earning of five years of service credit for State employees and teachers. In some cases, vesting occurs on the earning of one year of service credit immediately preceding retirement at or after normal retirement age. Normal retirement age for State employees and teachers is age 60, 62, or 65. The normal retirement age is determined by whether a member had met certain creditable service requirements on specific dates, as established by statute. For PLD members, normal retirement age is 60. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year of age that a member is below her/his normal retirement age at retirement. The System also provides disability and death benefits which are established by statute for State employees and teacher members.

Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights. The annual interest credited to members' accounts is set by the System's Board of Trustees.

Member and Employer Contributions

Retirement benefits are funded by contributions from members, employers, State contributions and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the Plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. For the year ended June 30, 2021, the SET Plan member contribution rate was 7.65% and the employer contribution rate was 4.16% of applicable member compensation. The employer (School portion) is also responsible for contributing 14.96% of all federally funded member compensation. The State of Maine, as a non-employer contributing entity, pays 14.33% of the applicable member compensation into the System.

For the year ended June 30, 2021, the PLD Plan member contribution rate was 8.1% for the regular AC-Age 60 Plan and 7.35% for the regular AC-Age 65 Plan; the employer contribution rate was 10.1% of applicable member compensation for the regular AC Plan and 5.0% for retirees who return to work. The member contribution rate was 8.7% for the Special 4C Plan-Public Safety Plan and the employer contribution rate was 9.3% for the Special 4C Plan of applicable members compensation.

The required contributions paid into the System for the year ended June 30, 2021 and the previous two years are as follows:

SET Plan:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>State of Maine</i>	<i>Applicable</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>	<i>Member Federal</i>
				<i>Compensation</i>	<i>Compensation</i>
2021	\$ 264,926	\$ 179,323	\$ 462,486	\$ 3,463,083	\$ 235,685
2020	\$ 256,047	\$ 152,718	\$ 466,706	\$ 3,347,026	\$ 90,180
2019	\$ 237,249	\$ 133,916	\$ 333,383	\$ 3,101,296	\$ 92,422

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

PLD Plan SCHOOL PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
			<i>Compensation</i>
2021	\$ 12,844	\$ 16,015	\$ 158,564
2020	\$ 16,397	\$ 20,244	\$ 202,436
2019	\$ 13,788	\$ 17,234	\$ 172,344

PLD Plan - TOWN PORTION:

<i>For the year ended</i>	<i>Employee</i>	<i>Employer</i>	<i>Applicable</i>
<i>June 30,</i>	<i>Contributions</i>	<i>Contributions</i>	<i>Member</i>
			<i>Compensation</i>
2021	\$ 262,959	\$ 316,432	\$ 3,268,540
2020	\$ 257,224	\$ 296,904	\$ 3,114,383
2019	\$ 245,608	\$ 274,535	\$ 2,911,360

Revenue Recognition

The Schedule of Employer Allocations for the SET Plan reflects current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan and other adjustments. In addition, to reflect the unique funding arrangement that currently exists with the SET Plan for teachers, total employer and non-employer entity contributions were used as the basis for the allocation, adjusted to remove the normal cost contributions paid by the local school districts on behalf of their employees. This leaves contributions toward the unfunded liability of the Plan as the basis of allocation. This method of allocation properly distributes the collective net pension liability between the State of Maine as the non-employer contributing entity and those districts contributing towards the unfunded liability of the plan using grant funding.

The Schedule of Employer Allocations for the PLD Consolidated Plan reflects current year employer contributions, adjusted to remove contributions related to employer specific liabilities to the Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

As of June 30, 2021, the Town of Bar Harbor reported a net pension liability of \$115,955 for the SET Plan and \$1,966,564 for the PLD Plan. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of that date. The Town of Bar Harbor's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating members. At June 30, 2020, the Town of Bar Harbor's proportion of contributions was .007104% for the SET Plan and .494965% for the PLD Plan, which was a decrease of .000276% and an increase of .021701% respectively from its proportion measured at June 30, 2019.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

For the fiscal year ended June 30, 2021, the Town of Bar Harbor recognized pension expense of \$154,771 for the SET Plan and \$438,611 for the PLD plan for a total of \$593,382. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>SET Plan:</i>	
	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	3,709	2,457
Changes in Assumption	-	-
Net Difference between projected and actual earnings on pension plan investments	4,807	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,052	2,790
Employer contributions made subsequent to measurement date	179,323	
	<u>189,891</u>	<u>5,247</u>
	<i>PLD Plan:</i>	
	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	118,010	21,622
Changes in Assumption	-	-
Net Difference between projected and actual earnings on pension plan investments	127,967	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	60,356	-
Employer contributions made subsequent to measurement date	332,446	
	<u>638,779</u>	<u>21,622</u>
Totals	<u>828,670</u>	<u>26,869</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<i>Year Ended June 30,</i>	<i>SET Plan</i>	<i>PLD Plan</i>
2021	177,856	296,999
2022	(1,703)	102,530
2023	4,268	108,694
2024	4,223	108,934

Actuarial Assumptions

The collective total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Cost Method

The Entry Age Normal cost method is used to develop costs. Under this cost method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of their expected future salary. The normal cost for each employee is the product of their pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e. decreases or increases in liabilities and/or in assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

The actuarial valuation employs a technique for determining the actuarial value of assets which reduces the impact of short-term volatility in the market value. The specific technique adopted in this valuation recognized in a given year one-third of the investment return that is different from the actuarial assumption for investment return.

Amortization

The IUUAL of the SET Plan is amortized on a level percentage of payrolls over the amortization period then in effect under statutory and constitutional requirements. All other gains, losses, and changes are amortized over twenty-year periods beginning on the date as of which they occur.

The net pension liability of the PLD Consolidated Plan is amortized on a level percentage of payroll using a method where a separate twenty-year closed period is established annually for the gain or loss for that year.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follow:

	<u><i>SET Plan</i></u>	<u><i>PLD Plan</i></u>
Inflation	2.75%	2.75%
Investment Rate of Return:	6.75% per annum, compounded annually	6.75% per annum, compounded annually
Rates of Salary Increase	2.75 plus merit component based on each employee's years of service	2.75 plus merit component based on each employee's years of service
Cost of Living Benefit:	2.20% per annum for Teachers	1.91% per annum

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

Mortality Rates - For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females is used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Public Equities	30.0%	6.0%
US Government	7.5%	2.3%
Private Equity	15.0%	7.6%
Real Assets:		
Real Estate	10.0%	5.2%
Infrastructure	10.0%	5.3%
Natural Resources	5.0%	5.0%
Traditional Credit	7.5%	3.0%
Alternative Credit	5.0%	7.2%
Diversifiers	10.0%	5.9%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.75% for the SET Plan and 6.75% for the PLD Plan. The projection of cash flows used to determine the discount rate assumed the plan member contributions will be made the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75% for the SET Plan and 6.75% for the PLD Plan as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

D. Defined Benefit Employee Pension Plan (Continued)

Actuarial Assumptions (continued)

SET Plan:	1% Decrease █ (5.75%)	Current Discount Rate (6.75%)	1% Increase █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 201,100	\$ 115,955	\$ 44,989
PLD Plan:	1% Decrease █ (5.75%)	Current Discount Rate (6.75%)	1% Increase █ (7.75%)
Proportionate Share of the Net Pension Liability	\$ 4,132,924	\$ 1,966,564	\$ 193,240

Pension Plan Financial and Actuarial Information

Additional financial information and actuarial information can be found in the Maine PERS' Actuarial Valuation Reports available online at www.mainebers.org or contacting the System at (207) 512-3100.

E. Risk Management

The town is exposed to various risks of loss related to torts; theft of, damage and destruction of assets; errors and omissions; and natural disasters for which the town participated in public entity risk pools sponsored by the Maine Municipal Association (MMA) for workers' compensation, and property damage.

The Town, as a member of the MMA Property and Casualty Pool, has a general liability limit of \$400,000/occurrence for causes of action pursuant to the Maine Tort Claims Act. Coverage is limited to those areas for which governmental immunity has been expressly waived. There is a limit of \$2,000,000/occurrence for causes of action pursuant to federal law or state law for which immunity is not provided by the Maine Tort Claims Act. The same limit applies for law enforcement after a \$2,500 per occurrence deductible is met. For the public officials' liability and employment practices liability, the coverage is \$2,000,000 per occurrence and \$4,000,000 aggregate with a \$5,000 deductible.

Workers compensation provides coverage as required by the State of Maine Workers Compensation Act. The limit of liability for employer's liability coverage is \$2,000,000/each accident and \$2,000,000 aggregate disease.

Based on the coverage provided by the pools described above, the town is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2021.

The Town has separate coverage for its 26' police boat valued at \$176,397 along with \$1,000,000 liability for any one occurrence. Additionally, the Town obtained Marine Terminal Coverage after its purchase of the Ferry Terminal property in 2019 and signing a 5 year lease with Atlantic Fleet Services/Bay Ferries. The policy is \$1,000,000 liability coverage for each occurrence as a Marine Terminal Operators Liability. Separately, the Town requires the lessee (Atlantic Fleet Services and Bay Ferries) to provide evidence of \$5,000,000 each for coverage of General Liability, Marine Terminal Operator's Liability and Pollution Liability.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance

Plan Description

Qualifying personnel of the School Department participate in the Group Life Insurance Plan for Retired State Employees and Teachers as provided by the Maine Public Employees Retirement System (SET Plan). The Plan is a multiple-employer, cost sharing plan with a special funding situation. As of June 30, 2020 there were 233 employers, including the State of Maine, participating in the plan. The State of Maine is also a non-employer contributing entity in that the State pays contributions for retired public school teachers in the Plan.

Plan Description (continued)

The Group Life Insurance Plan for Retired Participating Local District (PLD Consolidated Plan) employees is a multiple-employer cost sharing plan. As of June 30, 2020, there were 139 employers participating in the plan.

Benefits

The Group Life Insurance Plans (the Plans) provide basis group life insurance benefits during retirement to retirees who participated in the Plans prior to retirement for a minimum of 10 years (the 10 year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at a rate of 15% per year to the greater of 40% of the initial amount or \$2,500.

Funding Policy

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. Premiums for basic life insurance for retired teachers are paid by the State as the total dollar amount of each year's annual required contribution. PLD employers are required to remit monthly a premium of \$0.46 per \$1,000 of coverage for covered active employees, a portion of which is to provide a level of coverage in retirement. PLD employers with retired PLD employees continue to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period.

Special Funding Situation – SET Plan

The State participates in the SET Plan as a non-employer contributing entity in that the State pays the actuarially determined premium contributions associated with retired teachers.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

As of June 30, 2021, the Town of Bar Harbor reported a net OPEB liability of \$32,148 for the PLD Plan. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by actuarial valuation as of that date. The Town of Bar Harbor's share of the collective net OPEB liability was equal to the collective net OPEB liability multiplied by the projection of the Town of Bar Harbor's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating members. At June 30, 2020, the Town of Bar Harbor's proportion of contributions was .243688% for the PLD Plan, which was an increase of .004606% from its proportion measured at June 30, 2019.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (continued)

For the fiscal year ended June 30, 2021, the Town of Bar Harbor recognized OPEB expense of (\$3,962) for the PLD Plan. At June 30, 2021, the Town of Bar Harbor's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources were:

	<i>PLD Plan:</i>	
	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	3,968	-
Changes of Assumptions	3,346	22,910
Difference between projected and actual Investment		
Earnings on OPEB Plan Investments	-	802
Changes in proportion and differences between employer premiums and proportionate share of premiums	844	4,632
	<u>8,158</u>	<u>28,344</u>

Projected amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

<i>Year Ended June 30,</i>	<i>PLD Plan</i>
2021	(6,193)
2022	(5,705)
2023	(2,153)
2024	(2,925)
2025	(3,209)

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of the assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in the liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

Actuarial Methods and Assumptions (continued)

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2020, there were 17 years remaining in the amortization schedule for the SET Plan and 10 years remaining for the PLD Plan. The actuarial assumptions used in the June 30, 2020 actuarial valuation was based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Significant Actuarial Assumptions

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

	<u>SET Plan</u>	<u>PLD Plan</u>
Inflation		2.75%
Annual Salary Increases, including Inflation	2.75% - 14.50%	2.75% - 9.0%
Investment Rate of Return:	6.75% per annum, compounded annually	
Participation Rates for Future Retiree	100% of those currently enrolled	
Conversion Charges	Apply to the cost of active group life insurance, not retiree group life insurance	
Form of Benefit Payment	Lump Sum	
Mortality Rates	For active members and non-disabled retirees of the Plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used. These tables are adjusted by percentages ranging from 104% to 120% based on actuarially determined demographic differences.	

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

Actuarial Methods and Assumptions (continued)

Assets of the Plans are pooled for investment purposes and are allocated to each Plan based on each Plan's fiduciary net position. The long-term expected rate of return on the Plan's investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major class of assets. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of long-term real rates of return for each major asset class included in the target asset allocation as of June 30, 2020 are summarized in the following table:

<i>Asset Class</i>	<i>Target Allocation</i>	<i>Long-Term Expected Real Rate of Return</i>
Public Equities	70.0%	6.0%
Real Estate	5.0%	5.2%
Traditional Credit	15.0%	3.0%
US Government	10.0%	2.3%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the collective total OPEB liability was 6.75% for 2020 for the Plans. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer and non-employer entity contributions will be made at contractually required rates, actuarially determined. Based on these assumptions, the fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Town of Bar Harbor's proportionate share of the net OPEB liability calculated using the discount rate of 6.75% for the PLD Plan as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

PLD Plan:

	<i>1% Decrease █ (5.75%)</i>	<i>Current Discount Rate (6.75%)</i>	<i>1% Increase █ (7.75%)</i>
Proportionate Share of the Net OPEB Liability	\$ 43,297	\$ 32,148	\$ 23,186

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

F. Other Postemployment Benefits (OPEB)-MPERS Group Life Insurance (continued)

On-Behalf Payments

As mentioned above, contributions are made by the System for participating retired teachers. The summary below provides the School Department's allocation of these contributions as well as the proportionate share of the Net OPEB liability. The Net OPEB Liability is not recorded on the Town financial statements since it is a liability of the State of Maine and not a liability of the School Department.

<i>Allocation of:</i>			
	<i>On-Behalf</i>	<i>Benefits</i>	<i>Net OPEB</i>
	<i>Payments</i>	<i>Expense</i>	<i>Liability</i>
2020	\$10,280	\$10,139	\$91,557

G. Other Postemployment Benefits (OPEB)-Maine Municipal Employees Health Trust (MMEHT)

Plan description

Qualifying personnel of the Town can participate in the Maine Municipal Employees Health Trust postretirement benefit plan. The plan is a single employer Other Post Employment Benefit (OPEB) plan.

Benefits provided

Medical/Prescription Drug: The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Part A and Part B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

Medicare: Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

Duration of Coverage: Medical benefits are provided for the life of the retiree and surviving spouses.

Life Insurance: The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

Dental: Current retirees do not have access to dental benefits. Future new retirees who retire on and after the coverage and rates are set to mirror plan experience costs, no additional obligation is anticipated. Program experience will be monitored with future valuations and updated as with all benefit provisions and assumptions.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

Employees covered by benefit terms:

At June 30, 2021, the following employees were covered under the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	0
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	49
Average age	45.75
Average service	9.31
Retirees Under 65	1
Average Age	62.95
Retirees Over 65	2
Average Age	75.39
Spouses Under 65	0
Average Age	N/A
Spouses Over 65	1
Average Age	68.37

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.12% per annum.
Salary Increase Rate	2.75% per year
Administration and claims expense	3% per annum.

Trend Assumptions:

Medical trend assumptions were developed using the Society of Actuaries (SOA) long-run medical cost trend model. The SOA model was released in December 2007, and version 2020_b was used for this valuation. The following assumptions were input into this model:

Trend Assumption Inputs	
Variable	Rate
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2029+	1.50%
Extra Trend due to Taste/Technology 2029+	1.20%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

Actuarial assumptions (continued)

Deductibles, co-payments, and out-of-pocket maximums are assumed to increase at the above trend rates. The ultimate trend rate reflects an assumed nominal per capita GDP growth.

The medical and drug trends were blended to develop non-Medicare and Medicare trends based on experience weights.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2021. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. An open 30-year amortization period was used. The amortization method is a level dollar amortization method. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets.

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal Employees Health Trust through June 30, 2019 were used by the Actuary. Medical and prescription experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron's (Actuary) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year-tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2020 is based upon an earlier measurement date, as of December 26, 2019 and is 2.74% per annum. The discount rate as of June 30, 2021 is based upon an earlier measurement date, as of December 31, 2020 and is 2.12% per annum. The rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rate of AA/Aa or higher, for pay as you go plans.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Plan		
	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at 6/30/20	472,791	-	472,791
Changes for the year:			-
Service Cost	26,862		26,862
Interest	13,558		13,558
Changes of benefits	-		-
Differences between expected and actual experience	-		-
Changes of assumptions	32,386		32,386
Contributions - employer		9,757	(9,757)
Contributions - member			-
Net investment income			-
Benefit payments	(9,757)	(9,757)	-
Administrative expense			-
Net Change	63,049	-	63,049
Balances at 6/30/21	535,840	-	535,840

Sensitivity of the net OPEB liability to changes in the discount rate and healthcare cost trend rates.

The following presents the net OPEB liability of the Town, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.12%) or 1 percentage point higher (3.12%) than the current discount rate:

	<i>1% Decrease</i> <i>(1.12%)</i>	<i>Current Discount</i> <i>Rate (2.12%)</i>	<i>1% Increase</i> <i>(3.12%)</i>
Net OPEB liability (asset)	\$ 625,300	\$ 535,840	\$ 463,468

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.

Changes in the healthcare trend rate affect the measurement of the total OPEB liability (TOL). Lower healthcare trend rates produce a lower TOL and higher healthcare trend rates produce a lower TOL. The table below shows the sensitivity of the TOL to the healthcare trend rate:

	<i>1% Decrease</i>	<i>Healthcare</i> <i>Trend Rates</i>	<i>1% Increase</i>
Net OPEB liability (asset)	\$ 455,548	\$ 535,840	\$ 638,989

A 1% decrease in the healthcare trend rate decreases the TOL by approximately 15.0%. A 1% increase in the healthcare trend rate increases the TOL by approximately 19.2%.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

G. Other Postemployment Benefits (OPEB)-MMEHT (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The impact of experience gains or losses and assumption changes on the TOL are recognized in the OPEB expense over the average expected remaining service life of all active and inactive members of the Plan. As of the beginning of the measurement period, the average was 9 years.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years, and thereafter.

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Differences between expected and actual experience	12,958	33,502
Changes in Assumption	121,059	28,372
Net Difference between projected between projected and actual earnings on pension plan investments	-	
	<u>134,017</u>	<u>61,874</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

2022	11,564
2023	11,564
2024	11,564
2025	11,564
2026	11,558
Thereafter	14,329

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT)

Plan Description

The AOS 91 – Bar Harbor-Maine Education Association Benefits Plan is a single employer OPEB plan with a measurement date of June 30, 2020, and an employer reporting date of June 30, 2021, for the 2021 year.

The MEA Benefits Trust (MEABT) was established by the Maine Education Association on *April 10, 1993*, as an employee welfare benefit plan. The MEABT is administered by Trustees, in accordance with its terms for the exclusive benefit of Plan participants and beneficiaries.

The principal asset of the MEABT is a group insurance contract, currently held with Anthem Blue Cross and Blue Shield of Maine, (Anthem), which provides medical, hospital, surgical, prescription coverage and related health benefits to approximately 69,000 individuals in the State of Maine, including active educators, retired educators and related personnel and their dependents.

The Trustees of the MEABT, as part of their duties, while serving on the Trust, help develop the plan design for its participants. The Trust negotiates directly with Anthem to provide these benefits to all active and retired participants.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Benefits Provided:

The MEA Benefits Trust (MEABT) is committed to providing the best health and wellness insurance plans at an affordable rate for the benefits of all Plan participants.

Established in 1993, and headquartered in Augusta, Maine, the MEABT is a not-for-profit, employee welfare benefit plan dedicated to the health of Maine public school employees and their families. An eight member Board of Trustees – all current or retired public school employees – governs the health insurance plan which provides coverage to approximately 65,000 individuals in the State of Maine, including active teachers, retired teachers, related personnel and their dependents. The plan, which includes medical, pharmacy and wellness benefits, is available to members through bargaining between their local Maine Education Association Union and their employer.

Eligibility:

The employee must have participated in the MEA Benefits Trust Health plan for the 12 months prior to retirement, and have 10 years of continuous active service and enrollment in the health plan (under age 50), or 5 years of continuous active service and enrollment in the health plan (age 50 or above), in order to be eligible for postretirement benefits.

A retiree who terminates coverage may elect to re-enroll in coverage at a later date if the participant participated in the health plan for 12 months prior to terminating coverage, if the re-enrollment occurs within 5 years from the date of termination of coverage, and if the retiree does not surpass attaining age 62 at the time of re-enrollment. The participant has to have maintained continuous health insurance coverage during this break in coverage. To be eligible for re-enrollment, a retiree may not take more than one break in coverage.

Employees Covered by Benefit Terms

Membership Information:

	Active Count	62		
	Active Average Age	49.56		
	Active Average Service	14.51		
<i>Inactive:</i>				
Retirees Under 65	1	Spouses Under 65	-	
Average Age	62	Average Age	N/A	
Retirees Over 65	32	Spouses Over 65	5	
Average Age	77.53	Average Age	76	
Total Retirees	33	Total Spouses	5	
Total Average Age	77.06	Total Average Age	76	

Cost Sharing Provisions

The retiree is eligible for a State subsidy of 45% of the blended single premium for the retiree only. Under State law, the blended premium is determined by blending rates for active members and retired members.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

The retiree pays 55% of the blended premium rate for coverage elected. Spouses must contribute 100% of the blended premium amounts. Thus, the total premium is paid for by both the State and the retiree and or spouse. The Maine Education Association Benefits Trust is not responsible for the premium, but instead, the implicit rate subsidy. The implicit rate subsidy is the value of the cost of care minus the premiums charged. Since the premiums are based on the average active and pre-Medicare retirees, the retirees are implicitly paying less than the true cost of coverage, thus an implied subsidy. This is the basis of the liability throughout the report.

Funding Policy

Since the plan is pay as you go and is not funded, the discount rate will be based on a 20-year, tax-exempt general obligation municipal bond index. Using the Bond Buyer 20-Bond GO Index, the discount rate as of June 30, 2019 is 3.50% per annum. The discount rate as of June 30, 2020 is 2.21% per annum. This rate is assumed to be an index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher, for pay as you go plans.

Net OPEB Liability

The School's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method was used to value the Plan's actuarial liabilities and to set the normal cost. Under this funding method, a normal cost rate is determined as a level percent of pay for each active Plan member and then summed to produce the total normal cost for the Plan. The unfunded actuarial liability is the difference between the actuarial liability and the actuarial value of assets. The plan has no assets to apply against the liabilities.

For claim curves, we used actual community rated premiums and census records provided by Maine Education Association Benefits Trust through June 30, 2018. We analyzed participation experience for Medicare eligible (ME) and non-Medicare eligible (NME) (actives and retired covered persons). We assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. We distributed the cost based on the current covered population and Cheiron's standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distribution as current retirees.

This report does not reflect future changes in benefits, subsidies, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010 related legislation and regulations.

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Changes Since Last Valuation:

This report reflects updated census, demographic assumptions and economic assumptions as listed above and describe above.

Significant Actuarial Assumptions

Discount Rate:	2.21% per annum
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum <i>Medicare:</i> Initial trend of 0.00% applied to FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% per annum
Rate of Mortality:	Based on 99% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table for both males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to the start of the Healthy Annuitant Mortality Table

Discount Rate

The discount rate used to measure the total OPEB liability was 2.21%. Lower discount rates produce a higher Total OPEB Liability and higher discount rates produce a lower Total OPEB Liability. The table below shows the sensitivity of the Total OPEB Liability:

Sensitivity of Net OPEB Liability to Changes in Discount Rate

	<i>1% Decrease</i> █ (1.21%)	<i>Current Discount</i> Rate (2.21%)	<i>1% Increase</i> █ (3.21%)
Total OPEB Liability	\$ 1,069,851	\$ 900,691	\$ 764,673
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 1,069,851</u>	<u>\$ 900,691</u>	<u>\$ 764,673</u>

A 1% decrease in the discount rate increases the Net OPEB Liability by approximately 18.8%. A 1% increase in the discount rate decreases the Net OPEB Liability by approximately 15.1%.

Changes in the healthcare trend rate affect the measurement of the Total OPEB Liability. Lower healthcare trend rates produce a lower Total OPEB Liability and higher healthcare trend rates produce a lower Total OPEB Liability. The table below shows the sensitivity of the Total OPEB Liability to the healthcare trend rate:

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Sensitivity of Net OPEB Liability to Changes in Healthcare Cost Trend Rates

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	\$ 752,872	\$ 900,691	\$ 1,089,247
Plan Fiduciary Net Position	0	0	0
Net OPEB Liability	<u>\$ 752,872</u>	<u>\$ 900,691</u>	<u>\$ 1,089,247</u>

A 1% decrease in the healthcare trend rates decreases the Net OPEB Liability by approximately 16.4%. A 1% increase in the healthcare trend rate increases the Net OPEB Liability by approximately 20.9%.

Changes in Net OPEB Liability

	Increase/(Decrease)		
	Net OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Total OPEB Liability			
Service cost	\$ 6,977		\$ 6,977
Interest	\$ 31,590		\$ 31,590
Changes of benefits	\$ (119,930)		\$ (119,930)
Differences between expected and actual experience	\$ 89,450		\$ 89,450
Changes of assumptions	\$ 15,758		\$ 15,758
Contributions - employer		\$ 37,161	\$ (37,161)
Contributions - member			\$ -
Net investment income			\$ -
Benefit payments	\$ (37,161)	\$ (37,161)	\$ -
Administrative expense	\$ -		\$ -
Net change in total OPEB liability	<u>\$ (13,316)</u>	<u>\$ -</u>	<u>\$ (13,316)</u>
Net OPEB liability beginning	\$ 914,007	\$ -	\$ 914,007
Net OPEB liability ending	<u>\$ 900,691</u>	<u>\$ -</u>	<u>\$ 900,691</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, Bar Harbor School Department recognized OPEB expense of (\$62,052). At June 30, 2021, Bar Harbor School Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Schedule of Deferred Inflows and Outflows:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 74,542	\$ -
Changes in Assumptions	\$ 45,876	\$ 19,229
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ -
Total	<u>\$ 120,418</u>	<u>\$ 19,229</u>

TOWN OF BAR HARBOR
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 4 - OTHER INFORMATION (Continued)

H. Other Postemployment Benefits (OPEB)-AOS #91-Bar Harbor-Maine Education Association Benefits Trust (MEABT) (continued)

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30,:	
2021	\$ 19,311
2022	\$ 19,311
2023	\$ 19,309
2024	\$ 25,720
2025	\$ 17,538
Thereafter	\$ -

I. Adjustment to Beginning Net Position

The following adjustment was made at July 1, 2020 to restate fund balance and net position:

	General Fund	CIP Fund	Other Governmental Funds	Total Governmental
Reclassify School Fiduciary Student Activity Fund to Special Revenue Fund	33,088			33,088
Fund Balance, as previously stated 6/30/20	6,522,718	4,995,150	15,674	11,533,542
Fund Balance, as restated 7/1/20	6,555,806	4,995,150	15,674	11,566,630
	Government- Wide Funds			Total Government-Wide
Net Position, as previously stated 6/30/20	26,749,230			26,749,230
Net Position, as restated 7/1/20	26,782,318			26,782,318

Fiduciary Funds were reclassified to special revenue funds to comply with GASB Statement #84.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN UNASSIGNED FUND BALANCE

BUDGET AND ACTUAL - GENERAL UNASSIGNED FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2021

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Taxes	19,245,167	19,245,167	19,880,780	635,613
Intergovernmental Revenues	473,492	478,292	583,089	104,797
Departmental Revenues	1,142,888	1,142,888	1,135,175	(7,713)
Other Local Sources	287,750	287,750	355,591	67,841
Total Revenues	21,149,297	21,154,097	21,954,635	800,538
Expenditures				
General Government	3,586,233	3,586,233	3,372,165	214,068
Public Safety	3,357,414	3,362,214	3,201,951	160,263
Health and Welfare	169,501	169,501	230,614	(61,113)
Parks and Recreation	423,687	423,687	414,908	8,779
Roads and Sanitation	2,017,388	2,017,388	2,012,594	4,794
Assessments	4,208,425	4,208,425	4,125,490	82,935
Total Expenditures	13,762,648	13,767,448	13,357,722	409,726
Excess Revenues Over Expenditures	7,386,649	7,386,649	8,596,913	1,210,264
Other Financing Sources				
Transfers In	411,088	411,088	409,324	(1,764)
Transfers Out	(7,852,737)	(7,852,737)	(7,852,737)	-
Total Other Financing Sources	(7,441,649)	(7,441,649)	(7,443,413)	(1,764)
Net Change in Fund Balance	(55,000)	(55,000)	1,153,500	1,208,500
Beginning Fund Balance - Unassigned			1,175,520	
(Increase) Decrease in Assigned Fund Balances			(131,000)	
Ending Fund Balance - Unassigned			2,198,020	

Reconciliation to Exhibit C:

Unassigned Fund Balance per above	2,198,020
Encumbrances	121,860
Reserve for Working Capital	2,246,000
Reserve for Insurance	500,000
Reserved for Fiber Lease	50,000
School Department	1,115,766
Cruise Ship Fund	1,380,735
Parking Meter Fund	96,122
Total Fund Balance Exhibit C	7,708,503

Reconciliation to Exhibit D:

Total Revenues per above	21,954,635
Dog Control Reserve	1,814
Shellfish Conservation Reserve	3,280
School Department	2,343,597
Cruise Ship Fund	1,820
Parking Meter Fund	1,602,271
Total General Fund Revenues per Exhibit D:	25,907,417

Reconciliation to Exhibit D:

Total Expenditures per above	13,357,722
Encumbrances	(79,845)
Dog Control Reserve	675
School Department	7,824,618
Cruise Ship Fund	17,748
Parking Meter Fund	208,131

Total General Fund Expenditures per Exhibit D: 21,329,049

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit I
Page 1 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

	Town Portion:						
	Participating Local Districts Plan						
	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.494965%	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension liability	\$1,846,604	\$1,365,730	\$1,193,594	\$1,830,356	\$2,297,894	\$1,339,178	\$633,175
Covered employee payroll	\$3,268,541	\$3,114,383	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Proportionate share of the net pension liability as a percentage of its covered employee payroll	56.50%	43.85%	41.00%	68.52%	87.14%	56.84%	26.78%
Plan Total Pension Liability	\$3,409,741,367	\$3,258,819,605	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	\$3,012,428,367	\$2,953,156,096	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	\$397,313,000	\$305,663,509	\$273,677,365	\$409,437,077	\$531,330,709	\$319,046,701	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension Liability	88.348%	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$641,523,784	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	61.933%	51.469%	48.773%	75.462%	101.813%	64.115%	33.450%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

	Town Portion:						
	Participating Local Districts Plan						
	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$316,432	\$296,904	\$274,535	\$241,823	\$229,599	\$192,895	\$176,184
Contribution in relation to the contractually required contribution	(\$316,432)	(\$296,904)	(\$274,535)	(\$241,823)	(\$229,599)	(\$192,895)	(\$176,184)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$3,268,541	\$3,114,383	\$2,911,360	\$2,671,400	\$2,636,895	\$2,356,080	\$2,364,202
Contributions as a percentage of covered employee payroll	9.68%	9.53%	9.43%	9.05%	8.71%	8.19%	7.45%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit I
Page 2 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

	School Portion:						
	Participating Local Districts Plan						
	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.464860%	0.473264%	0.464860%	0.477711%	0.459644%	0.445634%	0.443395%
Proportionate share of net pension liability	\$119,960	\$80,865	\$78,623	\$125,570	\$144,336	\$82,606	\$49,126
Covered employee payroll	\$158,564	\$202,436	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Proportionate share of the net pension liability as a percentage of its covered employee payroll	75.65%	39.95%	45.62%	71.35%	79.79%	55.78%	33.67%
Plan Total Pension Liability	\$3,409,741,367	\$3,258,819,605	\$3,089,857,220	\$3,016,660,721	\$2,889,740,634	\$2,720,936,009	\$2,609,657,845
Plan Fiduciary Net Position	\$3,012,428,367	\$2,953,156,096	\$2,816,179,855	\$2,607,223,644	\$2,358,409,925	\$2,401,889,308	\$2,455,776,671
Plan Net Pension Liability	\$397,313,000	\$305,663,509	\$273,677,365	\$409,437,077	\$531,330,709	\$319,046,701	\$153,881,174
Plan Fiduciary Net Position as a % Of the Total Pension Liability	88.348%	90.620%	91.143%	86.427%	81.613%	88.274%	94.103%
Plan Covered Employee Payroll	\$641,523,784	\$593,884,355	\$561,126,768	\$542,572,528	\$521,870,235	\$497,616,846	\$460,029,637
Plan Net Pension Liability as a % Of the Covered Employee Payroll	61.933%	51.469%	48.773%	75.462%	101.813%	64.115%	33.450%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

	School Portion:						
	Participating Local Districts Plan						
	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$16,015	\$20,244	\$17,234	\$16,896	\$17,184	\$13,181	\$11,380
Contribution in relation to the contractually required contribution	(\$16,015)	(\$20,244)	(\$17,234)	(\$16,896)	(\$17,184)	(\$13,181)	(\$11,380)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$158,564	\$202,436	\$172,345	\$176,002	\$180,888	\$148,102	\$145,894
Contributions as a percentage of covered employee payroll	10.10%	10.00%	10.00%	9.60%	9.50%	8.90%	7.80%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SCHEDULES - LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit I
Page 3 of 3

Schedule 1 - Proportionate Share of the Net Pension Liability:

School Portion:
State Employees and Teachers Plan

	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Proportion of net pension liability	0.007104%	0.007380%	0.006941%	0.007103%	0.007829%	0.007559%	0.00647%
Proportionate share of net pension liability	\$115,955	\$108,182	\$93,651	\$103,174	\$138,312	\$102,069	\$69,897
Covered employee payroll	\$3,463,083	\$3,347,026	\$3,101,296	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Proportionate share of the net pension liability as a percentage of its covered employee payroll	3.35%	3.23%	3.02%	3.43%	4.54%	3.40%	2.38%
Plan Total Pension Liability	\$14,865,460,130	\$14,547,222,913	\$14,031,187,845	\$13,484,886,512	\$13,069,954,948	\$12,616,287,054	\$12,320,158,783
Plan Fiduciary Net Position	\$12,044,916,279	\$12,035,563,047	\$11,632,192,771	\$10,893,291,864	\$9,960,335,390	\$10,242,097,022	\$10,337,615,927
Plan Net Pension Liability	\$2,820,543,851	\$2,511,659,866	\$2,398,995,074	\$2,591,594,648	\$3,109,619,558	\$2,374,190,032	\$1,982,542,856
Plan Fiduciary Net Position as a % Of the Total Pension Liability	81.026%	82.734%	82.902%	80.781%	76.208%	81.182%	83.908%
Plan Covered Employee Payroll	\$2,003,075,813	\$1,924,006,618	\$1,808,274,919	\$1,860,230,663	\$1,816,435,084	\$1,699,160,889	\$1,676,857,294
Plan Net Pension Liability as a % Of the Covered Employee Payroll	140.811%	130.543%	132.668%	139.316%	171.194%	139.727%	118.230%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

School Portion:
State Employees and Teachers Plan

	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>	<i>For the Fiscal Year Ended June 30, 2018</i>	<i>For the Fiscal Year Ended June 30, 2017</i>	<i>For the Fiscal Year Ended June 30, 2016</i>	<i>For the Fiscal Year Ended June 30, 2015</i>
Contractually required contribution	\$179,323	\$152,718	\$133,916	\$129,379	\$111,547	\$110,512	\$90,466
Contribution in relation to the contractually required contribution	(\$179,323)	(\$152,718)	(\$133,916)	(\$129,379)	(\$111,547)	(\$110,512)	(\$90,466)
Contribution deficiency	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$3,463,083	\$3,347,026	\$3,101,296	\$3,009,410	\$3,047,399	\$2,998,911	\$2,939,456
Contributions as a percentage of covered employee payroll	5.18%	4.56%	4.32%	4.30%	3.66%	3.69%	3.08%

* Amounts presented for each fiscal year were determined as of June 30.
A full year schedule will be displayed as it becomes available.

TOWN OF BAR HARBOR
NOTES TO HISTORICAL PENSION INFORMATION
MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - Actuarial Methods and Assumptions

The information in the historical pension information was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation date June 30, 2020, is as follows:

A. Actuarial Cost Method

The Entry Age Normal actuarial funding method is used to determine costs. Under this funding method, the total employer contribution rate consists of two elements, the normal cost rate and the unfunded actuarial liability rate.

The individual entry age normal method is used to determine liabilities. Under the individual entry age normal method, a normal cost rate is calculated for each employee. This rate is determined by taking the value, as of age at entry into the plan, of the member's projected future benefits, and dividing it by the value, also as of the member's entry age, of their expected future salary. The normal cost for each employee is the product of their pay and their normal cost rate. The normal cost for the group is the sum of the normal costs for all members.

Experience gains and losses, i.e. decreases or increases in liabilities and/or assets when actual experience differs from the actuarial assumptions, affect the unfunded actuarial accrued liability.

B. Asset Valuation Method

The actuarial value of assets is used for determining employer contributions. The use of an actuarial value of assets for this purpose helps mitigate volatility in contribution rates that might otherwise occur due to fluctuations in market conditions. The specific technique adopted in this valuation recognizes in a given year one-third of the investment return that is different from the actual assumption for investment return.

C. Amortization

The net pension liability is amortized on a level percentage of payrolls over the amortization period then in effect in statutory and constitutional requirements. The statutory and constitutional requirements include an amendment to the Maine Constitution approved in November 1995 that requires the State of Maine to fund the unfunded actuarial liability existing on June 30, 1996, over a period not to exceed 31 years beginning on July 1, 1997, and not later than June 30, 2028. The amendment prohibits the creation of new unfunded liabilities in the Plan except those arising from experience losses, which must be funded over a period of not more than ten years. In addition, the amendment requires the use of actuarially sound current cost accounting, reinforcing existing statutory requirements.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2020 are as follows:

Inflation	2.75%
Salary Increases	2.75% - 14.50% at selected years of service
Investment Rate of Return	6.75%, net of administrative and pension plan investment expense
Cost of Living Benefit Increases	2.20%

For School Department and Town employees, the mortality rate is based on the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2012 to June 30, 2015. The first year is recognized as pension expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. There were no changes in assumptions for the fiscal year ended June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION

OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE MUNICIPAL EMPLOYEES HEALTH TRUST
FOR THE YEAR ENDED JUNE 30, 2021Schedule 1 - MMEHT Schedule of Changes in Net OPEB Liability and Related Ratios

	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Total OPEB Liability				
Service Cost (BOY)	26,862	18,078	20,421	11,534
Interest (includes interest on service cost)	13,558	17,679	15,376	12,926
Changes of benefit terms	-	(9,814)	-	-
Differences between expected and actual experience	-	(43,074)	-	23,326
Changes in assumptions	32,386	80,249	(42,559)	151,326
Benefit payments, including refunds of member contributions	(9,757)	(6,811)	(6,549)	(4,295)
Net Change in total OPEB liability	63,049	56,307	(13,311)	194,817
Total OPEB liability - beginning	472,791	416,484	429,795	234,978
Total OPEB liability - ending	535,840	472,791	416,484	429,795
Plan fiduciary net position				
Contributions - employer	9,757	6,811	6,549	4,295
Contributions - member	-	-	-	-
Net investment income	-	-	-	-
Benefit payments, including refunds of member contributions	(9,757)	(6,811)	(6,549)	(4,295)
Administrative expense	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	-	-	-	-
Net OPEB liability - ending	535,840	472,791	416,484	429,795
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.0%	0.0%	0.0%	0.0%
Covered Employee Payroll	2,337,524	2,337,524	2,464,237	2,464,237
Net OPEB Liability as a % Of the Covered Employee Payroll	22.9%	20.2%	16.9%	17.4%

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

Schedule 2 - Schedule of Contributions:

	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Contractually required contribution	9,757	6,811	6,549	4,295
Contribution in relation to the contractually required contribution	(9,757)	(6,811)	(6,549)	(4,295)
Contribution deficiency	-	-	-	-

* Amounts presented for each fiscal year were determined as of January 1. A full year schedule will be displayed as it becomes available.

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 – Actuarial Methods and Assumptions-Maine Municipal Employees Health Trust OPEB

The total OPEB liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Changes of Assumptions

The discount rate was changed from 2.74% to 2.12% per GASB 75 discount rate selection. In addition, medical and prescription drug trend arrays were updated.

Net OPEB Liability

The Town's net OPEB liability was measured as of January 1, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Medical trend assumptions were developed using the Society of Actuaries (SOA) long-run medical cost trend model. The SOA model was released in December 2007, and version 2020_b was used for this valuation. The following assumptions were input into this model:

<i>Trend Assumption Inputs</i>	
Variable	Rate
Rate of Inflation	2.00%
Rate of Growth in Real Income/GDP per capita 2029+	1.25%
Extra Trend due to Taste/Technology 2029+	1.10%
Expected Health Share of GDP 2029	20.00%
Health Share of GDP Resistance Point	25.00%
Year for Limiting Cost Growth to GDP Growth	2040

For medical and pharmacy, historical claims and census records assembled and provided by Maine Municipal through June 30, 2019 were used by the Actuary. Medical and prescription experience for Medicare eligible (ME) and non- Medicare eligible (NME) (actives and retired covered persons) were analyzed by the Actuary. The Actuary assumed that the current enrollment distribution of Benefit Options will remain constant in the future for retirees. The Actuary distributed the cost based on the current covered population and Cheiron's (Actuary) standard age curves which vary by age, gender, and Medicare status. Children costs are converted to a load on the non-Medicare (NME) retirees which implicitly assumes that future retirees will have the same child distributions as current retirees.

Rates of mortality are based on 104% and 120% of the RP-2014 Total Dataset Healthy Annuitant Mortality Table, respectively, for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC 2015 model, with an ultimate rate of .85% for ages 20-85 grading down to an ultimate rate of 0% for ages 111-120, and convergence to the ultimate rate in the year 2020. As prescribed by the Trust mortality rates were taken from the assumptions for the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016.

REQUIRED SUPPLEMENTARY INFORMATION

OPEB SCHEDULES - LAST 10 FISCAL YEARS - MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2021Schedule 1 - MPERS PLD Schedule of Changes in the Town's Net OPEB Liability and Related Ratios

	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Total OPEB Liability				
Service Cost (BOY)	1,273	1,168	1,087	1,616
Interest (includes interest on service cost)	4,732	4,382	4,190	4,214
Changes of benefit terms	(3,798)	(2,329)	(4,822)	-
Differences between expected and actual experience	1,772	-	5,023	-
Changes in assumptions	(22,042)	2,137	3,816	(14,577)
Benefit payments, including refunds of member contributions	(3,873)	(3,781)	(3,758)	(3,636)
Net Change in total OPEB liability	(21,936)	1,577	5,536	(12,383)
Total OPEB liability - beginning	90,030	88,453	82,917	95,300
Total OPEB liability - ending	68,094	90,030	88,453	82,917
Plan fiduciary net position				
Contributions - employer	2,746	2,631	2,626	2,704
Contributions - member	749	(1,024)	(2,286)	-
Net investment income	1,834	2,481	3,274	4,533
Benefit payments, including refunds of member contributions	(3,873)	(3,781)	(3,758)	(3,636)
Administrative expense	(401)	(286)	(328)	(623)
Net change in plan fiduciary net position	1,055	21	(471)	2,979
Plan fiduciary net position - beginning	38,872	38,851	39,322	36,344
Plan fiduciary net position - ending	39,927	38,872	38,851	39,322
Net OPEB liability - ending	28,167	51,158	49,603	43,594
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	58.63%	43.18%	43.92%	47.42%
Covered Employee Payroll	710,949	678,718	678,417	679,282
Net OPEB Liability as a % Of the Covered Employee Payroll	3.96%	7.54%	7.31%	6.42%

* This information will be presented each year until 10 years of such information is available.

Schedule 2 - Schedule of Employer Contributions:

	For the Fiscal Year Ended 6/30/2021	For the Fiscal Year Ended 6/30/2020	For the Fiscal Year Ended 6/30/2019	For the Fiscal Year Ended 6/30/2018
Contractually required contribution	2,746	2,631	2,626	2,989
Contribution in relation to the contractually required contribution	(2,746)	(2,631)	(2,626)	(2,704)
Contribution deficiency	-	-	-	285
Covered employee payroll	710,949	678,718	678,417	679,282
Contributions as a percentage of covered employee payroll	0.39%	0.39%	0.39%	0.40%

* This information will be presented each year until 10 years of such information is available.

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS
FOR THE YEAR ENDED JUNE 30, 2021

Note 1 – Actuarial Methods and Assumptions-Maine Public Employees Retirement System OPEB

Actuarial Methods and Assumptions

The collective total OPEB liability for the plans was determined by an actuarial valuation as of June 30, 2020, using the following methods and assumptions, applied to all periods included in the measurement:

Actuarial Cost Method

Projections of benefits for financial reporting purposes are based on the provisions of the Plans in effect at the time of each valuation and the historical pattern of sharing of premium costs between the employer and plan members. Actuarial methods and assumptions include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the funding methodologies. Costs are developed using the individual entry age normal cost method based on a level percentage of payroll. Experience gains and losses, i.e., actual decreases or increases in liabilities and/or in assets which differ from the actuarial assumptions, affect the unfunded actuarial accrued liability.

Asset Valuation Method

Investments are reported at fair value.

Amortization

The unfunded actuarial accrued liability is being amortized as a level percentage of payroll over a 30-year period on a closed basis. As of June 30, 2020, there were 17 years remaining in the amortization schedule for the SET Plan and 10 years remaining for the PLD Consolidated Plan. The actuarial assumptions used in the June 30, 2020 actuarial valuations were based on the results of an actuarial experience study conducted for the period of June 30, 2012 to June 30, 2015.

Benefit Changes

There were no significant changes in benefits during the year.

Changes of Assumptions

Differences due to changes in assumptions about future economic or demographic factors or other inputs are recognized in OPEB expense using a straight-line amortization method over a closed period equal to the average expected remaining service lives of active and inactive members in each plan. The first year is recognized as OPEB expense and the remaining years are shown as either deferred outflows of resources or deferred inflows of resources. For the fiscal year ended June 30, 2020, the discount rate used for the PLD Consolidated Plan was increased from 4.98% to 6.75%.

Net OPEB Liability

The Town's net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Amortization period	10 years
Discount Rate	6.75%
Salary Increase Rate	2.75% - 9.00%
Administration and claims expense	3% per annum
Retirement Age	65

TOWN OF BAR HARBOR
REQUIRED SUPPLEMENTARY INFORMATION
OPEB SCHEDULES SCHOOL DEPARTMENT MEA BENEFITS TRUST- LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit L

Schedule 1 - Schedule of Changes in Net OPEB Liability and Related Ratios

	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
<u>Total OPEB Liability</u>			
Service Cost (BOY)	\$6,977	\$5,744	\$6,264
Interest (includes interest on service cost)	\$31,590	\$32,795	\$31,450
Changes of benefits	(\$119,930)	\$0	\$0
Differences between expected and actual experience	\$89,450	\$0	\$0
Changes in assumptions	\$15,758	\$49,116	(\$38,456)
Benefit payments, including refunds of member contributions	(\$37,161)	(\$30,348)	(\$29,299)
Net Change in total OPEB liability	(\$13,316)	\$57,307	(\$30,041)
Total OPEB liability - beginning	\$914,007	\$856,700	\$886,741
Total OPEB liability - ending	\$900,691	\$914,007	\$856,700
<u>Plan fiduciary net position</u>			
Contributions - employer	\$37,161	\$30,348	\$29,299
Contributions - member			
Net investment income			
Benefit payments, including refunds of member contributions	(\$37,161)	(\$30,348)	(\$29,299)
Administrative expense			
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning			
Plan fiduciary net position - ending	-	-	-
Net OPEB liability - ending	\$900,691	\$914,007	\$856,700
Plan Fiduciary Net Position as a % Of the Total OPEB Liability	0.000%	0.000%	0.000%
Covered Employee Payroll	\$3,005,288	\$3,161,959	\$3,077,332
Net OPEB Liability as a % Of the Covered Employee Payroll	29.970%	28.906%	27.839%

Schedule 2 - Schedule of Contributions:

	<i>For the Fiscal Year Ended June 30, 2021</i>	<i>For the Fiscal Year Ended June 30, 2020</i>	<i>For the Fiscal Year Ended June 30, 2019</i>
Contractually required contribution	\$37,161	\$30,348	\$29,299
Contribution in relation to the contractually required contribution	(\$37,161)	(\$30,348)	(\$29,299)
Contribution deficiency	\$0	\$0	\$0

* Amounts presented for each fiscal year were determined as of July 1. A full year schedule will be displayed as it becomes available.

TOWN OF BAR HARBOR
NOTES TO OPEB LIABILITY AND CONTRIBUTIONS-MEABT
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – Actuarial Methods and Assumptions

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Benefit Changes

Claims costs and retiree contributions were updated to reflect current healthcare costs.

Asset Valuation Method

This actuarial valuation reflects the use of the Entry Age Normal Cost Method

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Significant Actuarial Assumptions

Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar
Amortization period	30 years
Discount Rate:	2.21% per annum for 2020 reporting 3.50% per annum for 2019 reporting
Salary Increases:	For the level percentage of pay entry method, total payroll is assumed to grow at 2.75% per year
Participation Rates for Future Retirees:	Retirement – 70% for member and 10% for spouse Disability – 100% for member and 20% for spouse
Trend Assumptions:	<i>Pre-Medicare:</i> Initial trend of 6.21% applied in FYE 2020 and 6.83% applied in FYE 2022 grading over 18 years to 3.25% per annum. <i>Medicare:</i> Initial trend of 0.0% applied in FYE 2021 and 6.30% applied in FYE 2022 grading over 18 years to 3.25% per annum.

Rates of mortality for the different level of participants are described below:

Healthy Annuitants: Based on the 2010 Public Plan Teacher Benefits Weighted Healthy Retiree Mortality Table adjusted as follows:

- 98.1% and 87.5% respectively of the rates for males before age 85 and females before age 80
- 106.4% and 122.3% respectively of the rates for males on and after age 85 and females on and after age 80

Rates are projected generationally using the RPEC_2020 model, with an ultimate rate of 1.00% for ages 80 and under, grading down to 0.05% at age 95, and further grading down to 0.00% at age 115, along with convergence to the ultimate rates in the year 2027. All other parameters used in the RPEC_2020 model are those included in the published MP-2020 scale.

Healthy Employees: Based on 93.1% and 91.9% of the 2010 Public Plan Teacher Benefits-Weighted Employee Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model as described in the healthy annuitant mortality.

Disabled Annuitants: Based on 94.2% and 123.8% of the 2010 Public Plan Non-Safety Benefits-Weighted Disabled Retiree Mortality Table, respectively, for males and females. These rates are generationally projected using the same version of the RPEC_2020 model described in the healthy annuitant mortality.

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-1
Page 1 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under) Budget</i>
Taxes			
Property	18,210,067	18,579,895	369,828
Auto Excise	960,000	1,199,183	239,183
Boat Excise	13,600	17,844	4,244
Interest/Fees on Taxes	61,500	83,858	22,358
	19,245,167	19,880,780	635,613
Intergovernmental Revenues			
State of Maine			
Municipal Revenue Sharing	178,000	312,117	134,117
General Assistance	400	2,296	1,896
Tree Growth	4,200	4,966	766
Veterans Reimbursement	2,100	2,030	(70)
Homestead Reimbursement	185,759	157,239	(28,520)
BETE Reimbursement	61,033	58,098	(2,935)
Federal			
Police Grants	4,800	4,800	-
Acadia National Park - PILT	42,000	41,543	(457)
	478,292	583,089	104,797
Departmental Revenues			
Ambulance/Fire			
Ambulance Service	333,200	180,860	(152,340)
Police			
Police Detail	12,400	12,562	162
Dispatch Mutual Aid	3,450	20,798	17,348
Mutual Aid Reimbursement	37,000	32,344	(4,656)
All Other	140,474	145,247	4,773
Planning / Code			
Building Permits	105,000	158,870	53,870
Plumbing Permits	20,000	16,621	(3,379)
Electrical Inspections	26,500	24,761	(1,739)
Vacation Rental Permits	125,000	161,250	36,250
Septic Permit	6,500	11,386	4,886
Plan Board/Subdivision & Rezoning	4,600	9,475	4,875
Site Plan Review	8,400	6,274	(2,126)
All Other	4,350	12,872	8,522
Harbor Fees			
Docking	41,000	47,568	6,568
Moorings	4,900	8,768	3,868
All Other	14,900	17,979	3,079
Solid Waste			
Sale of Recyclables	-	3,940	3,940
All Other	420	225	(195)
Public Works			
All Other	11,830	9,970	(1,860)
Parks and Recreation			
Park and Recreation Fees	800	250	(550)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF ESTIMATED AND ACTUAL REVENUES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-1
Page 2 of 2

	<i>Estimated</i>	<i>Actual</i>	<i>Over(Under) Budget</i>
Departmental Revenues (Continued)			
Finance			
Administrative Services	165,274	165,274	-
Auto Registrations	16,900	25,491	8,591
Boat/RV Registrations/Snowmobile Fees	1,670	1,283	(387)
Municipal Building Leases	34,000	35,136	1,136
Town Clerk			
Clerk's Fees	14,520	15,991	1,471
All Other	9,800	9,980	180
	1,142,888	1,135,175	(7,713)
Other Local Sources			
Interest on Investments	68,000	65,061	(2,939)
Kids Corner Lease	6,950	5,450	(1,500)
Island Explorer Lease	7,500	7,500	-
Other Rentals	3,100	5,155	2,055
Jackson Laboratory - PILT	104,500	107,635	3,135
Housing Authority - PILT	32,000	33,188	1,188
Other - PILT	16,100	22,354	6,254
Cable TV Franchise	41,000	99,279	58,279
Insurance Dividends	8,100	8,932	832
All Other	500	1,037	537
	287,750	355,591	67,841
Operating Transfers In			
Cemetery Income	50	67	17
Cruise Ship Fund	91,408	91,408	-
Dog Control Reserve	2,900	1,139	(1,761)
Parking Fund	313,430	313,430	-
Shellfish Conservation	3,300	3,280	(20)
	411,088	409,324	(1,764)
Total Revenues, Operating Transfers and Other Financing Sources	21,565,185	22,363,959	798,774
Beginning Fund Balance Used	55,000		
Total	21,620,185		

TOWN OF BAR HARBOR

GENERAL FUND

STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES

FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-2

Page 1 of 2

	<i>Encumbered From 6/30/20</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/22</i>	<i>(Over) Under Budget</i>
General Government					
Town Council	3,500	36,562	34,886	3,500	1,676
Town Manager		133,606	124,180	6,200	3,226
Town Clerk		127,852	114,574		13,278
Finance	500	369,588	350,396		19,692
Legal Counsel		47,950	48,189		(239)
Elections	1,251	22,227	22,714		764
Technology	2,848	160,481	161,983		1,346
Municipal Building	2,380	81,853	74,671		9,562
Town Offices		44,045	51,595		(7,550)
Employee Benefits		1,828,895	1,691,456		137,439
Insurance		96,000	97,777		(1,777)
Assessing	2,400	153,735	151,559	2,875	1,701
Code Enforcement		136,848	127,615		9,233
Planning	10,831	214,691	209,209	2,300	14,013
27th Pay Period		16,400	19,468		(3,068)
Vacation Accruals		19,500	29,797		(10,297)
Contracted Services		10,000	1,770	8,000	230
Climate Change Task Force		17,000	2,000	15,000	-
Contingency`		54,000	11,600	27,000	15,400
Abatements/Discount on Taxes		15,000	5,561		9,439
	23,710	3,586,233	3,331,000	64,875	214,068
Public Safety					
Fire Department	2,775	993,332	910,200	37,485	48,422
Public Fire Protection - Hydrants		585,604	585,604		-
Police Department	6,912	1,332,317	1,222,879		116,350
Public Safety Building		45,232	44,111		1,121
Street Lights		20,000	15,958		4,042
Dispatch		248,082	257,131		(9,049)
Harbor Division	4,618	137,647	142,888		(623)
	14,305	3,362,214	3,178,771	37,485	160,263
Health and Welfare					
General Assistance		2,460	2,997		(537)
Cooperating Agencies		63,268	63,268		-
Emergency Management/COVID-19		-	68,479		(68,479)
Comfort Station		103,773	95,870		7,903
	-	169,501	230,614	-	(61,113)

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF APPROPRIATIONS, EXPENDITURES AND ENCUMBRANCES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-2
Page 2 of 2

	<i>Encumbered From 6/30/20</i>	<i>Appropriations</i>	<i>Expenditures Net of Refund</i>	<i>Encumbered to 6/30/22</i>	<i>(Over) Under Budget</i>
Parks and Recreation					
Parks & Recreation		423,687	414,908		8,779
Roads and Sanitation					
Public Works	4,000	160,274	156,511		7,763
Highway Division		1,127,420	1,029,052	19,500	78,868
Solid Waste		729,694	811,531		(81,837)
	4,000	2,017,388	1,997,094	19,500	4,794
Total Appropriations, Expenditures and Encumbrances	42,015	9,559,023	9,152,387	121,860	326,791
Assessments					
Regional School District		3,338,722	3,338,723		(1)
County Tax		786,763	786,763		-
Overlay		82,940	4		82,936
	-	4,208,425	4,125,490	-	82,935
Operating Transfers Out					
Elementary School		5,763,043	5,763,043		-
Capital Improvements Program		2,089,694	2,089,694		-
	-	7,852,737	7,852,737	-	-
Totals	42,015	21,620,185	21,130,614	121,860	409,726

TOWN OF BAR HARBOR
GENERAL FUND
STATEMENT OF CHANGES IN UNASSIGNED FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-3

Unassigned Fund Balance, July 1	1,175,520	
Unassigned Fund Balance, June 30	<u>2,198,020</u>	
Increase (Decrease)		<u><u>1,022,500</u></u>
Analysis of Change:		
Budget Summary:		
Revenue Surplus	798,774	
Unexpended Balance of Appropriations	326,791	
Unexpended Balance (Overdraft) of Assessments and Operating Transfers	<u>82,935</u>	1,208,500
(Increase) Decrease in Assigned Fund Balances:		
Assigned for Working Capital		(131,000)
Fund Balance Used to Fund Appropriations		<u>(55,000)</u>
Increase (Decrease)		<u><u>1,022,500</u></u>

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING BALANCE SHEET
JUNE 30, 2021

Exhibit A-4

<i>Assets</i>	<i>School Department</i>	<i>Cruise Ship Fund</i>	<i>Parking Meter Fund</i>	<i>Total</i>
Cash	31,559		1,490,976	1,522,535
Accounts Receivable	8,838	1,820	1,482	12,140
Due from Other Governments	471,777			471,777
Inventory	1,444			1,444
Due from Other School Funds	223,476			223,476
Due from Other Funds	1,701,248	94,629		1,795,877
Total Assets	2,438,342	96,449	1,492,458	4,027,249
 <i>Liabilities & Fund Balances</i>				
Liabilities				
Accounts Payable	266,254	327	47,975	314,556
Accrued Salaries Payable	560,928		11,714	572,642
Accrued Compensated Absences			1,563	1,563
Due to Students	6,949			6,949
Due to Other School Funds	223,476			223,476
Due to Other Funds		-	315,440	315,440
Total Liabilities	1,057,607	327	376,692	1,434,626
Fund Balances				
Non-Spendable	1,444			1,444
Restricted	1,379,291		1,115,766	2,495,057
Assigned		96,122		96,122
Total Fund Balances	1,380,735	96,122	1,115,766	2,592,623
Total Liabilities & Fund Balances	2,438,342	96,449	1,492,458	4,027,249

TOWN OF BAR HARBOR
GENERAL RESERVES, COMMITTED FUNDS & SCHOOL DEPARTMENT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-5

	<i>Dog Control Reserve</i>	<i>Shellfish Conservation Reserve</i>	<i>School Department (A-6)</i>	<i>Cruise Ship Fund (A-7)</i>	<i>Parking Meter Fund (A-8)</i>	<i>Total</i>
Revenues						
Intergovernmental Revenues			2,251,169			2,251,169
Local Sources			92,428		2,964	95,392
Dog Fees	1,814					1,814
Shellfish Fees/Fines		3,280				3,280
Port Fees				800		800
Cruise Ship Passenger Fees				1,020		1,020
Parking Fees net of charges					1,585,772	1,585,772
Permit Fees net of charges					13,535	13,535
Total Revenues	1,814	3,280	2,343,597	1,820	1,602,271	3,952,782
Expenditures						
Public Safety	675					675
Education			7,824,618			7,824,618
Cruise Ship Operating				17,748		17,748
Parking Meter Operating					208,131	208,131
Total Expenditures	675	-	7,824,618	17,748	208,131	8,051,172
Excess of Revenues Over (Under) Expenditures	1,139	3,280	(5,481,021)	(15,928)	1,394,140	(4,098,390)
Other Financing Sources (Uses)						
Transfers In			5,868,043			5,868,043
Transfers Out	(1,139)	(3,280)	(105,000)	(286,519)	(1,454,363)	(1,850,301)
Total Other Financing Sources (Uses)	(1,139)	(3,280)	5,763,043	(286,519)	(1,454,363)	4,017,742
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	-	-	282,022	(302,447)	(60,223)	(80,648)
Fund Balance - July 1	-	-	1,098,713	398,569	1,175,989	2,673,271
Fund Balance - June 30	-	-	1,380,735	96,122	1,115,766	2,592,623

**TOWN OF BAR HARBOR
SCHOOL DEPARTMENT**

Exhibit A-6

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Federal/ State Funds	Other Governmental Funds	Total Governmental Funds
Revenues				
Intergovernmental Revenues	1,060,465	1,070,404	120,300	2,251,169
Local Sources	54,690		35,202	89,892
Lunch and Milk Sales			2,536	2,536
Total Revenues	1,115,155	1,070,404	158,038	2,343,597
Expenditures				
Regular Instruction	2,538,247			2,538,247
Student & Staff Support:				
Guidance	80,427			80,427
Health Services	92,557			92,557
Improvement of Instruction	21,978			21,978
Library and Audio Visual	128,289			128,289
Technology	120,349			120,349
Assessment for Administration-Student Support	115,887			115,887
Special Education	1,408,113			1,408,113
Co-Curricular Instruction	61,355			61,355
System Administration:				
School Committee	42,261			42,261
Assessment for Administration	131,129			131,129
Office of Principal	395,904			395,904
Operation/Maintenance-Plant	616,271			616,271
Student Transportation	313,603			313,603
State On-Behalf Contributions	472,766			472,766
Food Services			194,118	194,118
Federal/State Programs		1,050,742		1,050,742
Student Activity Funds			33,342	33,342
Reserves/Grants	4,016		3,264	7,280
Total Expenditures	6,543,152	1,050,742	230,724	7,824,618
Excess of Revenues Over (Under) Expenditures	(5,427,997)	19,662	(72,686)	(5,481,021)
Other Financing Sources (Uses)				
Transfers In	5,763,043	-	105,000	5,868,043
Transfers Out	(105,000)	-	-	(105,000)
Total Other Financing Sources (Uses)	5,658,043	-	105,000	5,763,043
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures	230,046	19,662	32,314	282,022
Fund Balance - July 1	901,159	13,718	183,836	1,098,713
Fund Balance - June 30	1,131,205	33,380	216,150	1,380,735

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - CRUISE SHIP FUND
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-7

	<i><u>Original Budget</u></i>	<i><u>Final Budget</u></i>	<i><u>Actual</u></i>	<i><u>Variance Favorable (Unfavorable)</u></i>
Revenues				
Port Fees	55,630	55,630	800	(54,830)
Cruise Ship Passenger Fees	<u>70,928</u>	<u>70,928</u>	<u>1,020</u>	<u>(69,908)</u>
Total Revenues	<u>126,558</u>	<u>126,558</u>	<u>1,820</u>	<u>(124,738)</u>
Expenditures				
Cruise Ship Direct Expenses	<u>45,628</u>	<u>45,628</u>	<u>17,748</u>	<u>27,880</u>
Total Expenditures	<u>45,628</u>	<u>45,628</u>	<u>17,748</u>	<u>27,880</u>
Excess of Revenues Over (Under) Expenditures	<u>80,930</u>	<u>80,930</u>	<u>(15,928)</u>	<u>(96,858)</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	<u>(286,519)</u>	<u>(286,519)</u>	<u>(286,519)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(286,519)</u>	<u>(286,519)</u>	<u>(286,519)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(205,589)</u>	<u>(205,589)</u>	<u>(302,447)</u>	<u>(96,858)</u>
Fund Balance - July 1			<u>398,569</u>	
Fund Balance - June 30			<u>96,122</u>	

TOWN OF BAR HARBOR
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL - PARKING METER FUND
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit A-8

	<i><u>Original Budget</u></i>	<i><u>Final Budget</u></i>	<i><u>Actual</u></i>	<i><u>Variance Favorable (Unfavorable)</u></i>
Revenues				
Investment Interest	5,000	5,000	2,964	(2,036)
Parking Fees net of charges	1,355,300	1,355,300	1,585,772	230,472
Permit Fees net of charges	<u>25,450</u>	<u>25,450</u>	<u>13,535</u>	<u>(11,915)</u>
Total Revenues	<u>1,385,750</u>	<u>1,385,750</u>	<u>1,602,271</u>	<u>216,521</u>
Expenditures				
Wages and Benefits	122,630	122,630	145,498	(22,868)
Contracted Services	28,748	28,748	29,058	(310)
Supplies	18,500	18,500	15,050	3,450
Utilities	1,100	1,100	623	477
Repairs	3,000	3,000	4,263	(1,263)
Equipment	7,000	7,000	1,901	5,099
Advertising	3,000	3,000	-	3,000
Professional Dues and Licenses	600	600	-	600
Insurance	400	400	2,118	(1,718)
Contingency	10,000	10,000	9,620	380
Island Explorer	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Expenditures	<u>199,978</u>	<u>199,978</u>	<u>208,131</u>	<u>(13,533)</u>
Excess of Revenues Over (Under) Expenditures	<u>1,185,772</u>	<u>1,185,772</u>	<u>1,394,140</u>	<u>202,988</u>
Other Financing Sources (Uses)				
Transfers In				-
Transfers Out	<u>(1,454,363)</u>	<u>(1,454,363)</u>	<u>(1,454,363)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(1,454,363)</u>	<u>(1,454,363)</u>	<u>(1,454,363)</u>	<u>-</u>
Excess of Revenues and Other Financing Sources (Uses) Over Expenditures	<u>(268,591)</u>	<u>(268,591)</u>	<u>(60,223)</u>	<u>202,988</u>
Fund Balance - July 1			<u>1,175,989</u>	
Fund Balance - June 30			<u><u>1,115,766</u></u>	

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES
SPECIAL REVENUES/GRANTS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit B-1

	<i>Keep Me Healthy Grant</i>	<i>Total</i>
Revenues		
Local Revenues		-
Intergovernmental	150,205	150,205
Total Revenues	150,205	150,205
Expenditures		
Public Safety		-
Emergency Management	150,205	150,205
Total Expenditures	150,205	150,205
Excess of Revenues Over (Under) Expenditures	-	-
Other Financing Sources (Uses)		
Transfers In		-
Transfers Out		-
Total Other Financing Sources (Uses)	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-
Fund Balance - July 1	-	-
Fund Balance (Deficit) - June 30	-	-

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C-1
Page 1 of 3

Town Projects	Balance July 1	Budget	Revenues and Transfers	Expenditures/ Transfers	Balance (Over) Under	Transfers From (To) Unassigned	Balance June 30
Technology							
Copier Equipment	12,800	4,871			17,671		17,671
Fiber Engineering Study	202	-	20,000	(2,931)	17,271		17,271
Virtual Desktop Software-police department	15,000	15,000			30,000		30,000
Fire Protection System-Server Room	8,597	1,733			10,330		10,330
WAN & Cable TV System	4,474	7,500		(742)	11,232		11,232
Computer Servers	30,261	26,667		(3,378)	53,550		53,550
Website Improvements	11,668	417			12,085		12,085
Town Wide Phone System	30,055	2,500			32,555		32,555
Security camera System	24,818	2,214		(16,237)	10,795		10,795
Municipal Building							
Building Renovation	21,142	31,622		(11,395)	41,369		41,369
Building Energy Audit Improvements	-	10,000			10,000		10,000
Code Enforcement							
Pickup Inspection Truck	24,722	6,500		(26,604)	4,618		4,618
Assessing							
GIS Wide Format Scanner	6,274	2,351			8,625		8,625
Property Tax Revaluation	68,762	30,000		(74,103)	24,659		24,659
Vehicle Purchase	13,820	4,100	17,500	(13,067)	22,353		22,353
Aerial Photography	26,712	8,000		(10,835)	23,877		23,877
Planning							
Comprehensive Plan	100,000				100,000		100,000
Lower Main Street Engineering	131,462	25,000		(1,569)	154,893		154,893
Cottage Street Streetscapes	125,895	25,000		(1,569)	149,326		149,326
Ambulance							
Ambulance Reserve	130,637	24,500		(2,790)	152,347		152,347
Defibrillators	18,491	975		2,958	22,424		22,424
Patient Simulator Dummy	688	688			1,376		1,376
Fire Department							
Turnout Gear	4,192	7,250			11,442		11,442
Hose & Couplings	10,500	3,500			14,000		14,000
Rescue Tools	7,482	1,867			9,349		9,349
Fire Engine #2	6,971	65,000			71,971		71,971
Fire Engine #4	18,000	36,364			54,364		54,364
Fire Engine #5	18,606	20,200		(23,108)	15,698		15,698
Portable Radios (20)	1,731	1,731			3,462		3,462
Fire Pickup Trucks and Trailer	16,007	9,386			25,393		25,393
Thermal Imaging Camera	2,949	2,400			5,349		5,349
SCBA's & Cascade System	65,714	9,608		(1,200)	74,122		74,122
Police Department							
Parking Meter Vehicle	-	6,000			6,000		6,000
Parking Meter Equipment	84,840	42,433		(26,243)	101,030		101,030
Cruiser Equipment	16,224	16,057		(8,783)	23,498		23,498
Electronic Fingerprint Scanner	-	4,750			4,750		4,750
Port Security Boat	70,158	5,000			75,158		75,158
Cruiser Replacement	52,805	46,000		(31,040)	67,765		67,765
Records Management System - Spillman	928	1,500			2,428		2,428
Portable Radios	7,500	4,500			12,000		12,000
Tasers	12,828	11,000		(5,184)	18,644		18,644
Firearms	18,700	5,400			24,100		24,100
Speed Trailer & Monitor	3,617	2,600			6,217		6,217
Dispatch							
Voice Recorder System	7,820	2,750			10,570		10,570
Radio Command Console	26,003	40,000			66,003		66,003
Ireson Hill Building & Generator	1,202	829			2,031		2,031
Radio Equipment Reserve	18,535	7,275			25,810		25,810

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C-1
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	Balance July 1	Budget	Revenues and Transfers	Expenditures/ Transfers	Balance (Over) Under	Transfers From (To) Unassigned	Balance June 30
Town Projects (Continued)							
Public Safety Building							
Public Safety Bldg. Generator	31,071	3,892			34,963		34,963
Building Renovations (FD)	18,998	28,566		(39,848)	7,716		7,716
Building Renovations (PD)	-	50,000		(37,680)	12,320		12,320
Workout Equipment (FD & PD)	-	1,500			1,500		1,500
Harbor Department							
Harbor Master Boat & Trailer	34,744	3,000			37,744		37,744
Float Replacement	-	12,000			12,000		12,000
Gangway Replacement	27,681	2,200			29,881		29,881
Fishermen's Hoist(s)	8,234	2,103			10,337		10,337
Ferry Terminal Improvements	94,035	315,175		(91,762)	317,448		317,448
Port Security Office	11,870	8,000		(15,488)	4,382		4,382
Breakwater Repairs	10,000				10,000		10,000
Pier Renovations	53,209	13,333			66,542		66,542
Boat Pump Out System	2,600	1,600			4,200		4,200
H Comm. Ferry Terminal Consult	20,175	(20,175)			-		-
Parks & Recreation							
Museum in the Streets	4,232	4,000			8,232		8,232
Benches, Lights, Pergola, etc.	33,925	12,400		(15,165)	31,160		31,160
Albert Meadow-Grant's Park	12,000	1,000			13,000		13,000
Tree Planting	11,501	8,000			19,501		19,501
Park Irrigations Systems	10,200	2,000			12,200		12,200
Skate Park Reserve	13,348	4,515			17,863		17,863
Mt. Desert Cemetery	60,728				60,728		60,728
Park Equipment	16,600	5,800			22,400		22,400
Launch Ramp-Hadley Point	10,374	2,700			13,074		13,074
Tennis and Basketball Courts	105,496	25,000		(129,910)	586		586
Village Green Bandstand	12,267	1,468			13,735		13,735
Glen Mary Renovations	30,673	4,400			35,073		35,073
Harborview Park	77,596	10,000		(90,670)	(3,074)	3,074	-
Downtown Signage Reserve	36,486	1,000		(6,277)	31,209		31,209
Comfort Stations							
Restroom Renovation Reserve	95,302	7,042			102,344		102,344
Public Works / Highway							
Air Compressor	13,713	402			14,115		14,115
Backhoe Reserve (Cat & Deere)	139,118	11,916			151,034		151,034
Brush Chipper	3,127	2,600			5,727		5,727
Bikeway/Ped Improvements	-	20,000			20,000		20,000
Grader Reserve	65,694	30,000			95,694		95,694
Parking Lot Land Acquisition	-	5,000			5,000		5,000
Hydraulic Lifts	32,092	7,000			39,092		39,092
Front End Loader Reserve	69,941	15,000			84,941		84,941
Excavator	43,397	9,167			52,564		52,564
Snowblower	12,900	4,300			17,200		17,200
Road Improvement Program	292,111	450,000		(311,974)	430,137		430,137
Fuel Pump System	12,600	5,300			17,900		17,900
Sidewalk Plow	101,106	26,000			127,106		127,106
Sidewalk Reconstruction Program	516,795	100,000		(192,234)	424,561		424,561
Washer, Steam Pressure	10,129	900			11,029		11,029
Route #3 Construction	135,534	(9,200)		(126,334)	-		-
LED Street Lights	59,220	20,000			79,220		79,220
Street Sweeper (Vacuum)	78,000	34,000			112,000		112,000
Public Works Complex	57,538	9,500			67,038		67,038
School Satellite Park Lot	-	25,000			25,000		25,000
Tag Trailer	17,539	840			18,379		18,379
Brine Mixing Equipment	3,900	2,400			6,300		6,300
Water Truck	10,397	900			11,297		11,297
Street Lights-Main Street	21,151	140,000		(131,296)	29,855		29,855
Light Truck Purchase	91,232	42,422		(53,211)	80,443		80,443
Plow Truck Reserve	248,838	66,000			314,838		314,838
Bobcat Loader	10,040	4,700			14,740		14,740
Roller, Vibratory	16,351	1,200			17,551		17,551

TOWN OF BAR HARBOR
CAPITAL IMPROVEMENTS PROGRAM
SCHEDULE OF ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit C-1
Page 3 of 3

	<i>Balance July 1</i>	<i>Budget</i>	<i>Revenues and Transfers</i>	<i>Expenditures/ Transfers</i>	<i>Balance (Over) Under</i>	<i>Transfers From (To) Unassigned</i>	<i>Balance June 30</i>
<i>Town Projects (Continued)</i>							
Solid Waste Division							
Waste Oil Furnace	3,526	757			4,283		4,283
Recycling Facility Reserve	37,624	1,000			38,624		38,624
Transfer Station Reserve	111,163	(81,057)			30,106		30,106
Storage	18,883	7,000			25,883		25,883
Compactor Unit with Hopper	6,666	3,333			9,999		9,999
Skid Steer	9,000	2,500			11,500		11,500
Solar Panels	20,000	90,157			110,157		110,157
3/4 Ton Truck	3,750	3,000			6,750		6,750
Debt Service							
Debt Service - Agamont Park	-	46,600		(46,600)	-		-
Debt Service - Municipal Building	-	163,625		(163,625)	-		-
Public Works - FY 13	-	232,413		(232,413)	-		-
Downtown Signs	-	20,750		(20,750)	-		-
Public Works - FY 10	37,093	209,241		(246,334)	-		-
Public Safety Building	-	30,600		(30,600)	-		-
Transfer Station	-	264,100		(264,100)	-		-
Ferry Terminal/Parking Meters	49,435	280,614		(330,050)	(1)		(1)
Ferry Terminal/Taxable	-	90,650		(90,650)	-		-
Town Total	4,482,740	3,484,187	37,500	(2,924,791)	5,079,636	3,074	5,082,710
<i>School Projects</i>							
ADA Act Renovations	2,284			(5,273)	(2,989)	2,989	-
Capital Outlay Reserve	7,970	17,289			25,259	(10,550)	14,709
Asbestos Removal	13,410	2,000			15,410		15,410
Furniture & Equipment	1,068	5,000		(1,419)	4,649		4,649
Computers & Technology	69,358	50,000		(56,224)	63,134		63,134
Copier Lease/Purchase	-	14,429		(13,890)	539		539
Floor Cover Replacement	-				-		-
Pickup Truck Replacement	33,890	5,986			39,876		39,876
Playground Equipment	1,061				1,061		1,061
Roof Repairs	25,257	11,500		(18,249)	18,508		18,508
Technology Infrastructure	30,000	15,000			45,000		45,000
Connors Water Main Replacement	213,732	(213,732)			-		-
Safety & Access Control	10,000	10,000		(2,260)	17,740		17,740
Building Concept Designs	7,751	411,256			419,007		419,007
Boiler Replacement	-			(7,561)	(7,561)	7,561	-
Tractor Plow Reserve	15,000	5,000			20,000		20,000
Security Panel	10,003	(10,003)			-		-
Debt Service - 2004 Heating System	-	61,083		(61,083)	-		-
School Total	440,784	384,808	-	(165,959)	659,633	-	659,633
Subtotal	4,923,524	3,868,995	37,500	(3,090,750)	5,739,269	3,074	5,742,343
Unassigned Balance	71,626	(3,868,995)	3,796,501		(868)	(3,074)	(3,942)
Totals	4,995,150	-	3,834,001	(3,090,750)	5,738,401	-	5,738,401

TOWN OF BAR HARBOR
COMBINING BALANCE SHEET
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit D-1

<i>Assets</i>	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Cash and Equivalents	1,805	903	2,708
Investments	8,733	4,366	13,099
Total Assets	10,538	5,269	15,807
 <i>Liabilities & Fund Balances</i>			
Liabilities			
Due to Other Funds			-
Total Liabilities	-	-	-
Fund Balances			
Nonspendable	6,488	5,269	11,757
Assigned	4,050	-	4,050
Total Fund Balances	10,538	5,269	15,807
Total Liabilities & Fund Balances	10,538	5,269	15,807

TOWN OF BAR HARBOR
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL PERMANENT FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

Exhibit D-2

	<i>Gurnee Scholarship</i>	<i>Cemetery Trusts</i>	<i>Total</i>
Revenues			
New Funds			-
Investment Income	133	67	200
	133	67	200
Expenditures			
Scholarships			-
	-	-	-
Excess of Revenues Over Expenditures	133	67	200
Other Financing Sources (Uses)			
Transfers Out		(67)	(67)
Total Other Financing Sources (Uses)	-	(67)	(67)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	133	-	133
Fund Balance - July 1	10,405	5,269	15,674
Fund Balance - June 30	10,538	5,269	15,807

TOWN OF BAR HARBOR, MAINE
Operating Data
For the Fiscal Year Ended June 30, 2021

MUNICIPAL SERVICES

Public Works

Wastewater Division

<u>Largest Wastewater Customers</u>	<u>Type of Use</u>	<u>CY2020 Revenues</u>	<u>% of Total</u>
Jackson Laboratory	Genetic Research & Mice Prod	\$541,573	25.2%
Witham Family LTD Part	Hotels (6)	207,418	9.7%
Eden Street Trust	Hotel	61,066	2.9%
Golden Anchor, LC	Hotel	47,970	2.3%
Mt Desert Island Hospital	Hospital	35,127	1.7%
West St. Properties, LLC	Hotel & Commc'l Bldg	31,119	1.5%
Bar Harbor Housing Authority	Low Income/Elderly Housing (2)	27,142	1.3%
WS Atlantic LL	Hotel	24,389	1.2%
College of the Atlantic	Educational Institution	22,829	1.1%
Town of Bar Harbor	Muni Bldgs, School, Comfort Stat's	21,903	<u>1.1%</u>
			48.0%

Water Division

<u>Largest Water Customers</u>	<u>Type of Use</u>	<u>CY2020 Revenues</u>	<u>% of Total</u>
Town of Bar Harbor	Parks, Bldgs, Schools & Hydrants	\$653,614	30.8%
Jackson Laboratory	Genetic Research & Mice Prod	223,168	10.5%
Witham Family LTD Part	Hotels (7)	95,518	4.5%
College of the Atlantic	College	30,126	1.4%
Kebo Valley Club	Golf Course	28,596	1.3%
Golden Anchor, LC	Hotel	19,001	0.9%
Mount Desert Island Hospital	Hospital	18,948	0.9%
Lafayette Bar Harbor, LLC	Hotel	18,728	0.9%
Bar Harbor Housing Authority	Low Income/Elderly Housing	15,468	0.7%
BHTC 111, LLC	Banquet/Tennis/Swim Club	14,718	<u>0.7%</u>
			52.6%

<u>Number of Water System Customers</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	1,248	1,538	1,263	1,262	1,251
Commercial	516	516	517	520	499
Industrial (Jax Lab)	47	43	42	42	42
Governmental	57	60	59	59	59
Total	1868	1872	1,881	1,883	1,851

<u>Water Sales (per 1,000 gallons)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	58,242	55,574	66,745	55,633	61,274
Commercial	121,831	107,157	128,798	114,587	97,312
Industrial (Jax Lab)	57,027	54,702	65,155	73,590	66,962
Public Authorities	13,419	13,050	15,548	17,821	19,915
Total Water Sales	250,519	230,483	276,246	276,246	245,463

Cal Year Water Sales (Revenue)	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Residential	\$565,386	\$553,026	\$593,948	\$572,003	\$601,167
Commercial	656,301	609,028	640,968	613,263	527,107
Industrial (Jax Lab)	156,378	159,184	164,825	209,097	174,290
Public Authorities	71,267	72,899	72,587	77,502	82,126
Public Fire Protection	585,604	585,604	585,604	585,604	585,604
Private Fire Protection	126,445	129,278	131,376	134,208	137,297
Total Water Sales	\$2,161,381	\$2,109,019	\$2,189,308	\$2,191,677	\$2,107,591

PUBLIC EDUCATION

Composition of MDI RSS

<i>Former Administrative Unit</i>	<i>Community</i>	<i>School</i>	<i>Grade</i>	Enrollment (as of Oct. 1, 2020)
AOS #91	Bar Harbor	Conners-Emerson School	K-8	336
AOS #91	Cranberry Isles	Ashley Bryan School	K-8	11
AOS #91	Frenchboro	Frenchboro Elementary	K-8	2
AOS #91	Mount Desert	Mt Desert Elementary	K-8	143
AOS #91	Southwest Harbor	Pemetic Elementary	K-8	135
AOS #91	Tremont	Tremont Consolidated	K-8	112
AOS #91	Trenton	Trenton Elementary	K-8	139
MSAD No. 76	Swan's Island	Swan's Island Elementary	K-8	19
C.S.D. No. 7	Members of Union #98	Mt Desert Island High	9-12	<u>508</u>
Total Enrollment				1,405

LABOR RELATIONS

The Town employs approximately 150 full-time personnel, approximately of whom 74 are employees of the Town including its utilities systems; and 76 of whom are employed by the School Department; and various part-time employees. Approximately 44 full-time Town employees, not included in the table below, are not represented by unions.

Union	Bargaining Unit	Date of Contract	
		Effective	Expiration
Teamsters Local No. 340	Highway & Wastewater Unit	July 1, 2020	June 30, 2022
IAFF (AFL/CIO)	Fire Department Unit	July 1, 2017	June 30, 2022
BHSEA (MEA)	School Support Unit	July 1, 2018	June 30, 2021
BHTA (MEA)	Teachers Unit	Sept. 1, 2018	Aug. 31, 2021

BUILDING ACTIVITY

Calendar Year	Residential		Commercial		Total	
	# Permits	Est. Cost	# Permits	Est. Cost	# Permits	Est. Cost
2020	227	\$15,725,752	91	\$18,480,000	318	\$34,205,752
2019	209	15,816,352	73	19,304,000	282	35,120,352
2018	184	11,386,405	93	7,624,886	277	19,011,291
2017	202	12,145,602	84	7,374,025	286	19,519,627
2016	217	16,236,458	95	17,105,863	312	33,342,321

TOWN FINANCES

General Fund Budgets for Fiscal Year Ending June 30.

	2018	2019	2020	2021	2022
Revenues					
Taxes	\$17,412,251	\$18,433,116	\$18,927,429	\$19,245,167	\$19,914,122
Intergovernmental	272,830	336,856	396,369	457,484	601,634
Departmental	1,050,809	1,052,125	1,157,898	1,142,888	1,148,916
Other local sources	637,764	648,846	751,867	698,838	788,441
Total Revenues	19,373,654	20,470,943	21,233,563	21,544,377	22,453,113
Expenditures					
General government	3,062,271	3,129,005	3,311,572	3,586,232	3,762,207
Public safety	3,104,172	3,213,377	3,284,565	3,357,414	3,438,057
Health & welfare	141,042	144,401	158,596	169,501	218,366
Parks & recreation	352,879	429,722	438,577	423,687	463,090
Roads & sanitation	1,899,222	1,962,695	1,988,290	2,017,388	2,086,551
Assessments & Overlay	3,807,302	3,935,692	3,924,020	4,192,418	4,399,711
Transfers to school fund	5,400,763	5,430,046	5,674,670	5,763,043	6,112,039
Transfers to CIP	1,691,003	2,296,005	2,508,273	2,089,694	2,073,092
Total Expenditures	\$19,458,654	\$20,540,943	\$21,288,563	\$21,599,377	\$22,553,113
Excess Exp. Over Revenues	\$85,000	\$70,000	\$55,000	\$55,000	\$100,000
Use of Fund Balance:					
Transfer to CIP	85,000	70,000	55,000	55,000	100,000
Total Use of Fund Balance	\$85,000	\$70,000	\$55,000	\$55,000	\$100,000

Property Tax Levy Limit

Fiscal year:	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>	<u>2020/2021</u>	<u>2021/2022</u>
State Personal Income Factor:	2.75%	2.61%	2.75%	2.89%	3.30%
Town Prop Growth Factor:	<u>1.97%</u>	<u>1.67%</u>	<u>1.21%</u>	<u>0.86%</u>	<u>1.90%</u>
Growth Limitation Factor:	4.72%	4.28%	3.96%	3.75%	5.20%
Property Tax Levy Limit:	\$7,389,121	\$7,707,492	\$8,016,991	\$8,279,884	\$8,709,829
Property Tax Levy:	<u>7,201,186</u>	<u>8,052,378</u>	<u>8,293,739</u>	<u>8,254,606</u>	<u>8,305,872</u>
Over/(below) Prop Tax Levy Limit:	(\$187,935)	\$344,886	\$276,748	(\$25,278)	(\$403,957)

General Fund Balance as % Revenues (excludes School)

	Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
Assigned and Unassigned General Fund Balance (excludes restricted FB)	\$3,050,140	\$3,357,037	\$3,652,000	\$4,116,677	\$4,281,104
Total Revenues (GF & CrShip)-A1&A7	18,840,256	19,274,797	20,182,676	21,707,396	22,284,988
Fund Bal as % Revenues	16.2%	17.4%	18.0%	19.0%	19.3%

Tax Levy and Collections

Fiscal Yr. End June 30,	Equalized State Valuation (000)	Assessed Valuation (000)	Tax Rate (000)	Tax Levy	Collections (after Supplements and Abatements)		
					Year End	% of Levy	% of Levy A/O 6/30/21
2021	1,781,800	\$1,530,258	\$11.90	\$18,817,622	\$16,818,243	96.12%	96.12%
2020	1,713,050	1,509,910	11.85	17,892,438	16,818,243	96.12	96.12
2019	1,633,550	1,506,757	11.56	17,418,116	16,818,243	96.56	98.66
2018	1,577,200	1,497,194	10.96	16,409,251	16,020,406	97.64	99.93
2017	1,493,600	1,481,606	10.73	15,896,513	15,503,505	97.53	99.98

Largest Taxpayers

Taxpayer	As of April 1, 2021			
	Type of Business	Assessed Value	Tax	% of Levy
Witham Family, LLC	Hotels	61,558,900	\$599,584	1.34%
Golden Anchor, LC	Hotel-Harborside	26,900,700	262,013	1.33%
Versant Power	Electric Utility	24,125,300	234,980	1.18%
Eden Street Trust	Hotel-Regency	22,987,600	233,899	0.90%
West Street Properties, LLC	Hotel-West St	21,855,000	212,868	0.90%
WS Atlantic LLC	Hotel-Hampton Inn	11,934,900	116,246	0.69%
BHTC 111, LLC	Rest/Club	11,294,000	110,004	0.68%
Lafayette Bluenose, LLC	Hotel-Bluenose	9,100,300	88,637	0.57%
Colket, Ruth M et als Trustees	Residential	9,017,100	87,827	0.54%
Teach, Joan	Residential	7,011,700	68,294	0.44%
Top ten taxpayers			\$2,014,352	9.35%

Recurring Revenues from the State

Fiscal Yr. End June 30,	State Revenue Sharing	Homestead Exemption	General Assistance	State School Subsidy*	Other State Aid**	Total From State
2020	\$219,972	\$134,437	\$280	\$545,467	\$105,448	\$1,005,624
2019	135,186	115,289	347	463,669	99,472	813,963
2018	133,267	89,037	104	350,074	62,380	634,862
2017	128,220	64,565	1,253	290,474	60,631	545,143
2016	132,854	59,678	821	226,431	55,700	475,484

-----* School subsidy paid directly to AOS 91

-----**Local Roads Assistance Program (LRAP), BETE, Veterans & Tree Growth programs

DEBT - PRINCIPAL

Year Issued	Purpose	Amount Issued	Final Maturity	Balance on June 30, 2020			Balance on June 30, 2021	
				General	Proprietary	Total	(Payments)	Total
2002	Water Tank (SRF)	750,000	10/01/21		93,137	93,137	(45,953)	47,184
2004	School (MMBB)	805,000	11/01/24	\$278,084		278,084	(50,197)	227,887
2005	Beach Wall	800,000	10/15/24	200,000		200,000	(40,000)	160,000
2005	Sewer/Hulls Cove	800,000	10/15/27		365,000	365,000	(40,000)	325,000
2010	Roads & Sidewalks	3,700,000	05/01/30	1,604,767		1,604,767	(159,186)	1,445,581
2010	Water System	600,000	05/01/30		260,233	260,233	(25,814)	234,419
2011	Sewer System	1,316,000	12/01/31		851,952	851,952	(68,358)	783,594
2011	Water System	1,224,000	12/01/31		778,048	778,048	(41,642)	736,406
2011	Ref'd'g Water-01	2,515,000	12/01/21		555,000	555,000	(265,000)	290,000
2012	Water (SRF)	2,679,150	10/01/32		1,790,559	1,790,559	(129,663)	1,660,896
2013	Public Works Bldg	3,350,000	10/15/33	2,550,000		2,550,000	(145,000)	2,405,000
2014	Municipal Bldg	2,442,000	10/15/34	1,820,000		1,820,000	(125,000)	1,695,000
2015	PubSftyBldg/Wtr	2,100,000	10/15/35	320,000	1,360,000	1,680,000	(105,000)	1,575,000
2017	Transfer Station	3,070,000	10/15/36	2,750,000		2,750,000	(160,000)	2,590,000
2019	FerryTerm/PkMt	2,875,000	10/15/38	2,645,000		2,645,000	(230,000)	2,415,000
2019	FerryTerm-Tax	1,225,000	10/15/38	1,225,000		1,225,000	(45,000)	1,180,000
				13,392,851	6,053,929	19,446,780	(1,675,813)	17,770,967

Debt Ratios

Fiscal Yr. End June 30,	Population	Equalized State Val. (000)	Assessed Valuation (000)	Total G.O. Debt	Debt as % Eq. Val.	Per Capita Debt
2021	5,020	\$1,781,800	\$1,530,258	\$17,770,967	1.00%	\$3,540
2020	5,235	1,713,050	1,509,910	19,446,780	1.14%	3,714
2019	5,235	1,633,550	1,506,757	21,367,663	1.31%	4,082
2018	5,235	1,577,200	1,497,194	18,648,777	1.18%	3,562
2017	5,235	1,493,600	1,481,606	17,240,252	1.16%	3,293

Debt Obligations, by Fund Type

FY June 30,	General Fund Debt		Enterprise Fund Debt	Total Debt	Ent. Debt as % Total Debt
	(Town)	(School)			
2021	\$12,190,581	\$227,887	\$5,352,499	\$17,770,967	30.1%
2020	13,114,767	278,084	6,053,929	19,446,780	31.1%
2019	14,260,000	325,833	6,781,830	21,367,663	31.7%
2018	10,830,000	371,252	7,447,525	18,648,777	40.0%
2017	8,265,000	414,456	8,560,796	17,240,252	49.7%

Debt Ratios, by Fund Type

Fiscal Year End June 30,	Debt as % of Equalized State Val.				Per Capita Debt			
	General Fund		Enterprise Fund	Total	General Fund		Enterprise Fund	Total
	Town	School			Town	School		
2021	0.68%	0.01%	0.31%	1.00%	\$2,428	\$46	\$1,066	\$3,540
2020	0.77	0.02	0.35	1.14	2,505	53	1,156	3,714
2019	0.87	0.02	0.42	1.31	2,724	62	1,296	4,082
2018	0.69	0.02	0.47	1.18	2,069	71	1,423	3,562
2017	0.56	0.03	0.57	1.16	1,579	79	1,635	3,293

Debt Service Component of Operating Expenses

	2017	2018	2019	2020	2021
Total Current Year Debt Service:	\$2,319,332	\$2,229,577	\$2,146,027	\$1,920,883	\$1,920,883
(less Enterprise Debt Service:)	(1,340,309)	(1,329,585)	(854,403)	(727,901)	(721,430)
Tax Supported Debt Service	\$979,023	\$969,992	\$1,291,624	\$1,192,982	\$954,383
Budgeted Operating Expense:	18,805,822	\$19,458,654	\$20,594,443	\$21,288,563	\$21,615,385
Debt Service as % Oper. Expense:	5.21%	4.99%	6.29%	5.60%	4.42%

Total General Obligation, Overlapping and Contingent Debt

	<u>Direct Debt</u>	<u>Overlapping</u>	<u>Contingent</u>	<u>Total Debt</u>
Town of Bar Harbor (CIP)	\$12,190,581			\$12,190,581
Town of Bar Harbor (School)	227,887			227,887
Town of Bar Harbor (Enterprise)	5,352,499			5,352,499
MDI Reg. School District (38.3%)		\$246,280		246,280
County of Hancock (12.0%)		0		0
Total A/O June 30, 2021	\$17,770,967	\$246,280	\$0	\$18,017,247
Debt as % Eq State Valuation	1.00%	0.01%	0.00%	1.01%
Per Capita Debt	\$3,540	\$49	\$0.00	\$3,589

COMPARATIVE BALANCE SHEET
GENERAL FUND
(As of June 30,)

	2020	2019	2018	2017	2016
ASSETS					
Cash and equivalents	\$10,679,174	\$8,759,252	\$8,470,956	\$7,173,243	\$6,834,870
Investments	1,672,254	1,801,734	1,755,630	1,807,093	1,813,339
Receivables:					
Taxes	40,530	53,851	36,943	30,942	45,765
Tax liens	932,028	742,385	497,414	508,202	451,861
Accounts	33,173	209,107	126,750	133,619	92,059
Ambulance fees	168,653	226,751	178,634	139,872	140,381
Accrued interest	8,654	9,650	8,093	3,124	3,150
Prepaid expenses	2,348	0	0	871	250
Inventory	12,548	19,036	19,436	12,998	14,727
Due from other governments	122,828	82,017	89,606	45,912	25,340
Due from other funds	35,286	32,763	3,240	50,522	1,281,657
TOTAL ASSETS	13,707,476	11,936,546	11,186,702	9,906,398	10,703,399
LIABILITIES					
Accounts payable	382,890	340,843	316,029	200,490	171,310
Payroll taxes	18,746	23,829	16,005	6,011	19,076
Accrued salaries	719,844	647,204	634,812	648,523	579,233
Accrued compensated absences	362,642	288,825	276,178	280,930	260,655
Due to other funds	4,998,302	4,689,613	4,881,654	4,106,063	5,396,958
Due to students	8,581	4,922	4,271	4,617	3,829
Deposits payable	15,015	12,065	14,239	10,972	12,518
TOTAL LIABILITIES	6,506,020	6,007,301	6,143,188	5,257,606	6,443,579
DEFERRED REVENUES					
Prepaid taxes	21,381	28,902	150,160	32,075	31,782
Property tax	656,357	586,153	408,305	403,839	402,886
Other	1,000	2,070	3,874	2,070	4,198
Bond purchase premium	0	0	0	0	0
TOTAL DEFERRED REVENUES	678,738	617,125	562,339	437,984	438,866
FUND EQUITY					
Non-spendable	2,317	865	1,986	2,471	2,484
Restricted	2,239,297	1,194,578	827,189	851,300	767,791
Committed	0	0	0	0	0
Assigned	3,105,584	3,129,125	2,891,050	2,735,434	2,541,368
Unassigned	1,175,520	987,552	760,950	621,603	509,311
TOTAL FUND EQUITY	6,522,718	5,312,120	4,481,175	4,210,808	3,820,954
TOTAL LIABILITIES AND FUND EQUITY	\$13,707,476	\$11,936,546	\$8,470,956	\$7,173,243	\$10,703,399

Prepared from Audited Financial Statements – Exhibit C.

TOWN OF BAR HARBOR
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUND
(For the Years Ended June 30,)

	2020	2019	2018	2017	2016
REVENUES					
Taxes	\$18,969,741	\$18,409,625	\$17,543,562	\$17,014,110	\$16,776,563
Intergovernmental revenue	1,878,265	1,546,452	1,317,452	1,147,417	1,083,240
Departmental revenue	3,390,859	2,480,957	2,000,752	1,719,113	1,495,853
Other local sources	551,744	642,140	451,585	400,034	423,999
TOTAL REVENUES	24,790,609	23,079,174	21,313,351	20,280,674	19,779,655
EXPENDITURES					
General government	3,290,736	2,988,113	3,027,155	2,803,118	2,721,559
Public safety	3,166,884	3,202,696	3,083,681	2,855,007	2,767,588
Health and welfare	195,874	145,956	144,450	135,176	139,640
Parks and recreation	435,961	416,358	352,720	236,375	242,210
Island Explorer	40,517	40,157	39,823	39,512	39,225
Roads and sanitation	1,850,123	2,004,343	1,927,802	1,823,451	1,700,702
Education	7,167,622	6,746,559	6,556,034	6,340,281	6,091,083
Assessments	3,875,688	3,850,673	3,763,224	3,597,013	3,564,623
Cruise ship- <i>direct exp</i>	96,521	121,039	142,695	120,761	148,801
Parking meters- <i>direct exp</i>	138,348	54,406	-	-	-
TOTAL EXPENDITURES	20,258,274	19,570,300	19,037,584	17,950,694	17,415,431
Excess of Revenue Over (Under) Expenditures	4,532,335	3,508,874	2,275,767	2,329,980	2,364,224
OTHER FINANCING SOURCES					
Lease/Bond proceeds	61,923	7,504	-	53,819	-
Transfers in	552,264	483,941	481,922	397,262	5,609,127
Transfers out	(3,935,924)	(3,169,374)	(2,487,322)	(2,391,207)	(7,646,822)
TOTAL OTHER FINANCING SOURCES (USES)	(3,321,737)	(2,677,929)	(2,005,400)	(1,940,126)	(2,037,695)
EXCESS OF REVENUES & OTHER SOURCES OVER (UNDER) EXPENDITURES & OTHER USES	1,210,598	830,945	270,367	389,854	326,529
FUND BALANCE - JULY 1	5,312,120	4,481,175	4,210,808	3,820,954	3,494,425
FUND BALANCE - JUNE 30	\$6,522,718	\$5,312,120	\$4,481,175	\$4,210,808	\$3,820,954

Prepared from Audited Financial Statements – Exhibit D.

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.
Amy E. Atherton, C.P.A.

Members of the School Committee
Bar Harbor School Department
Bar Harbor, Maine 04649

We have audited the financial statements of the Bar Harbor School Department for the year ended June 30, 2021.

In connection with our audit, we make the following statements of assurances and determinations:

1. The audit has been conducted in accordance with applicable State and Federal laws relating to financial and compliance audits.
2. Budgetary controls are in place.
3. The corrected annual financial report submitted to the Department of Education is materially correct.
4. The Bar Harbor School Department has complied with the applicable provisions of the Maine Essential Programs and Services Funding Act.
5. The Bar Harbor School Department has complied with the transfer limitations between budget cost centers.
6. The Bar Harbor School Department has complied with the statutory budget content requirements.
7. The Bar Harbor School Department has not exceeded its authority to expend funds as provided with the total budget summary articles, except for system administration.

Respectfully submitted,

James W. Wadman, CPA

James W. Wadman, CPA
March 22, 2022

James W. Wadman

CERTIFIED PUBLIC ACCOUNTANT

James W. Wadman, C.P.A.
Ronald C. Bean, C.P.A.
Kellie M. Bowden, C.P.A.
Wanese L. Lynch, C.P.A.
Amy E. Atherton, C.P.A.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Members of the Town Council
Town of Bar Harbor
Bar Harbor, Maine 04609

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Bar Harbor, Maine as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Bar Harbor, Maine's basic financial statements and have issued our report thereon dated March 22, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Bar Harbor, Maine's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Bar Harbor, Maine's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Bar Harbor, Maine's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Bar Harbor, Maine's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
Ellsworth, Maine
March 22, 2022

***INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE***

Members of the Town Council
Town of Bar Harbor
Bar Harbor, Maine 04609

Report on Compliance for Each Major Federal Program

We have audited the Town of Bar Harbor, Maine's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Bar Harbor, Maine's major federal programs for the year ended June 30, 2021. The Town of Bar Harbor, Maine's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Town of Bar Harbor, Maine's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Audits Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Bar Harbor, Maine's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town of Bar Harbor, Maine's compliance.

Opinion on Each Major Federal Program

In our opinion, Town of Bar Harbor, Maine complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Town of Bar Harbor, Maine is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Bar Harbor, Maine's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town of Bar Harbor, Maine's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,

James W. Wadman, CPA

James W. Wadman, CPA
Ellsworth, Maine
March 22, 2022

SCHEDULE I
TOWN OF BAR HARBOR
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

NONE

SCHEDULE II
TOWN OF BAR HARBOR, MAINE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Bar Harbor, Maine.
2. No material weaknesses or significant deficiencies relating to the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Bar Harbor were disclosed during the audit.
4. No material weaknesses or significant deficiencies relating to the audit of the major federal award programs are reported in the *Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*.
5. The auditor's report on compliance for the major federal award programs for the Town of Bar Harbor expresses an unmodified opinion.
6. Audit findings relative to the major federal award programs for the Town of Bar Harbor are reported in Part C of this schedule.
7. The programs tested as major programs include:

Keep Me Healthy Grant, CFDA #21.019
Coronavirus Relief Fund #1, CFDA #21.019
Coronavirus Relief Fund #2, CFDA #21.019
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Town of Bar Harbor was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

NONE

TOWN OF BAR HARBOR
SCHEDULE III
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education:				
Rural School Achievement Program	84.358		-	8,971
<i>Passed Through State Department of Education:</i>				
Special Education Cluster (IDEA):				
Title VI, Part B - Local Entitlement	84.027	013-05AS-3046-12-6306-3046SLG	-	93,978
Title VI, Part B - Local Entitlement Preschool	84.173	013-05A-6247-23-6306-6247SPG	-	925
Sub-total Special Education Cluster (IDEA):			-	94,903
ESSA Title 1A - Basic Disadvantaged Program	84.010	013-05A-3107-13-6306-3107CDG	96,958	121,958
ESSA Title IV, Part A, SSAE Program	84.424	013-05A-3345-66-6306-3345SSG	-	22,974
ESSA Title IV, Part A, SSAE Program	84.424	013-05A-3345-66-6306-3345SSG	-	30,000
ESSA Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11-6306-3042ITG	-	4,889
ESSA Title IIA - Improving Teacher Quality	84.367	013-05A-3042-11-6306-3042ITG	-	10,000
Elementary and Secondary School Emergency Relief Fund 1	84.425	NONE	-	83,413
Elementary and Secondary School Emergency Relief Fund 2	84.425	NONE	-	162,400
Total U.S. Department of Education			96,958	539,508
U.S. Department of Agriculture:				
<i>Passed Through State Department of Education:</i>				
Food Distribution Cluster:				
Food Distribution	10.565	NONE	-	8,303
Sub-total Food Distribution Cluster				8,303
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	NONE	-	110,419
Sub-total Child Nutrition Cluster			-	110,419
Total U.S. Department of Agriculture			-	118,722
U.S. Department of the Treasury:				
<i>Passed Through State Department of Health and Human Services:</i>				
Keep Maine Healthy Grant	21.019	NONE	-	150,205
<i>Passed Through State Department of Education:</i>				
Coronavirus Relief Fund 1	21.019	NONE	-	249,285
Coronavirus Relief Fund 2	21.019	NONE	-	261,949
				511,234
Total U.S. Department of the Treasury			-	661,439
U.S. Department of Justice:				
<i>Passed Through the Town of Bucksport:</i>				
Coronavirus Emergency Supplemental Funding Program	16.034	NONE	-	5,379
Total U.S. Department of Justice			-	5,379
U.S. Department of Transportation:				
Highway Safety Cluster:				
National Priority Safety Program	20.616	013 16A 405D 012 6401 ID067	-	4,800
Sub-total Highway Safety Cluster				
Total U.S. Department of Transportation			-	4,800
Total			-	1,329,848

TOWN OF BAR HARBOR
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the Town of Bar Harbor, Maine under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Bar Harbor, Maine, it is not intended to and does not present the financial position or changes in net position of the Town of Bar Harbor, Maine.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE C – INDIRECT COST RATE

The Town of Bar Harbor, Maine has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – PASS-THROUGH AWARDS

The Town of Bar Harbor, Maine receives certain federal awards in the form of pass-through awards from the State of Maine. Such amounts received as pass-through awards are specifically identified on the Schedule.